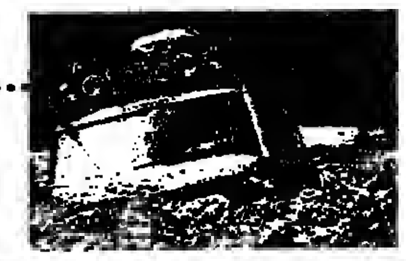
Weekend
FINANCIAL TIMES

Weekend FT
Why Darwin still gets under the skin
SECTION II

Samarkand: 'Fine as it was'

Things to do with an off-road vehicle



World Business Newspaper http://www.FT.com WEEKEND FEBRUARY 15/FEBRUARY 16 1997

UK skills loss feared as Irish lure workers

A campaign aimed at luring Irish construction workers based in the UK back to the Republic is raising fears of a skills shortage among British construction companies. A Dublin hotline has been set up, backed up by advertisements in Irish newspapers, to try to meet the demand for skilled labour in the Irish building trade, which is growing at about 6 per cent. Page 4

Apple Computer, struggling to reverse a drop in sales and heavy losses, is launching a range of new Macintosh personal computers whose success is critical for the company. Revenues dropped 32 per cent in the first quarter, ended in December, to $2.1bn, compared to $3.1bn in the same period a year earlier. Page 5

Record personal bankruptcies in Japan have triggered a backlash against credit companies for loose lending practices and led to curbs on automated money-lending machines. Bankruptcies, particularly among middle-aged men and young women, reached 50,615. Page 3

Beijing angered by S Korea: China expressed displeasure that the Seoul government had announced the defection of Hwang Jang-yop, a senior North Korean official, in an apparent attempt to divert attention in South Korea from the Hanbo Steel loan scandal which has embroiled the government. Page 24

Airports jammed as strike looms: With American Airlines and its pilots locked in talks in a bid to avert a strike, US airports were jammed as passengers scrambled to rearrange travel plans. Page 2

Netanyahu hint on Golan heights: Israeli prime minister Benjamin Netanyahu left the door open to concessions on the disputed Golan heights when he reiterated his country's position on reopening peace talks with Syria. Page 3

Yeltsin fuels succession rumours

Russian president Boris Yeltsin (left) has raised the possibility of amending the constitution, adopted in 1993, to reflect "changing circumstances". His comments will fuel speculation that the Kremlin is toying with various schemes to ensure political continuity if the ailing president is forced to step down. Communist party leader Gennady Zyuganov warned his party to be ready for new elections at any time. Page 2

Andorra to vote: The citizens of Andorra, the tiny tax-free mountain state lodged in the Pyrenees between France and Spain, go to the polls tomorrow in the second-ever fully democratic elections held in the co-principality. Page 2

German cash for Ukraine vanishes: Nearly $50m of German taxpayers' money has gone missing from a fund for 600,000 Ukrainian victims of the second world war. Page 2

World Trade Organisation negotiators were awaiting Washington's verdict on a global pact that would liberalise telecommunications markets around the world. Page 3

Error leads to Aids treatment test: A mistake during tests in a leading Aids research laboratory has led to an experimental treatment for the disease, the American Association for the Advancement of Science heard. Page 3

Taiwan blitz on gangsters: Taiwan is to crack down on gangsters who failed to come forward during an amnesty. More than 1,500 gang members turned themselves in to police and 44 criminal organisations, known as triads, disbanded before the amnesty ended. Page 3

Time to expand: Calvin Klein, the New York fashion house, is expanding its licensing activities into watches in a joint venture with SMH, the world's largest watchmaker. Page 5

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Mercedes and Opel raided in EU pricing inquiry

By Neil Buckley in Brussels

European competition authorities have raided offices of Mercedes-Benz and General Motors' Opel subsidiary in an investigation into complaints that some of their dealers refused to sell cars to cross-border bargain hunters.

The European Commission has received complaints from EU consumers trying to exploit the often large differences in car prices across the union. They said dealers told them they could not buy cars outsida their home countries.

Last year commission officials raided German carmaker Volkswagen and its subsidiary Audi in a similar investigation into allegations that dealers were under pressure not to sell cars to non-nationals.

The news came as the Brussels executive published its latest six-monthly report on EU car prices, showing that price differences are widening. For 40 out of 75 models monitored, the difference between the highest and lowest prices of the same car within the EU exceeded 20 per cent. The biggest price differences were on Fiat, Ford, Opel, Citroën, VW, Nissan and Mitsubishi models.

For some modele, sucb as the Opel Astra/Kadett, the difference was almost 33 per cent.

Although value added tax rates and currency fluctuations contribute to the price gaps, the commission said the gaps suggested manufacturers were continuing to follow different pricing policies according to the country. Price differences had been predicted to narrow progressively after the creation of the European single market.

Of the 75 models, 23 were cheapest in the Netherlands and 21 in Portugal. Germany had the highest prices for 17 models, the UK for 15 and France for 13.

"Customers still encounter obstacles in certain member states," the commission said, citing Germany, Belgium, Spain and the Netherlands.

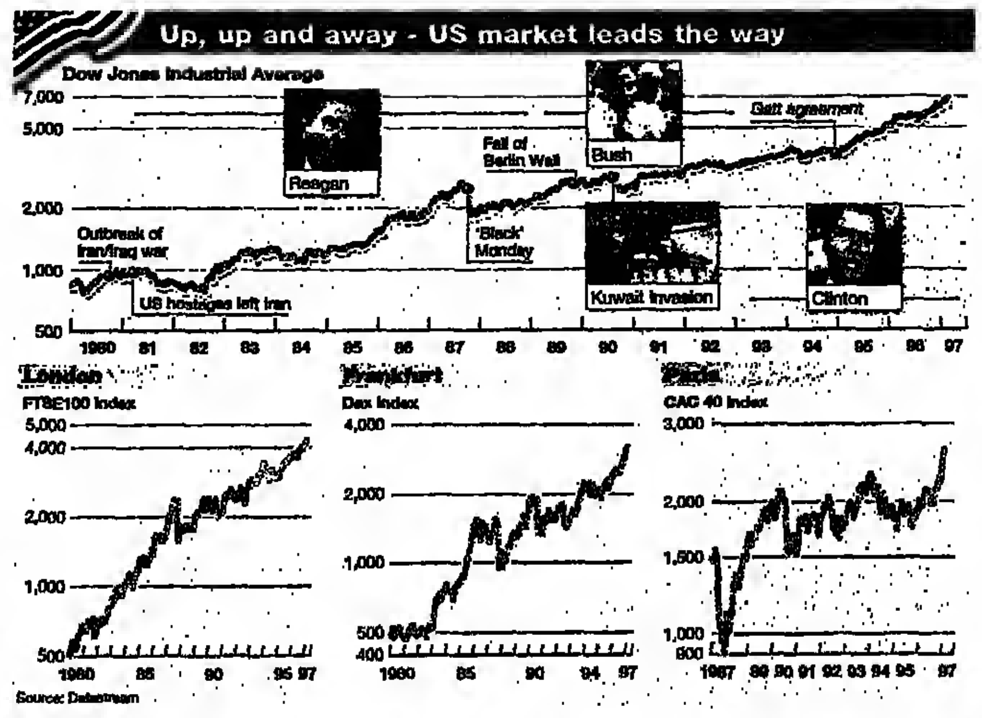
The raids on Mercedes are understood to relate to sales in all four countries, but those on Opel only to the Netherlands.

If a manufacturer is found to have violated EU competition rules – which say consumers must be free to buy similar products anywhere within the single market – it could be stripped of its anti-trust exemptions. That would stop a carmaker signing exclusive or restricted distribotion arrangements with dealers.

The Mercedes and Opal inquiries are at an early stage, but the commission wrote to VW and Audi in November giving them two months to provide information on their dealership arrangements, particularly in Italy, where Austrian car buyers complained they had been turned away by dealers.

Six bourses notch records ■ Profit-taking slows Wall St momentum

Dow spurs European markets to new highs



By Philip Coggan, Markets Editor

World stock markets hit all-time highs yesterday as they celebrated the continuation of the long bull market, which saw the Dow Jones Industrial Average pass the 7,000 mark on Thursday.

London, Amsterdam, Copenhagen, Duhlin, Helsinki and Zurich all recorded closing peaks, while in Frankfurt, the DAX managed an intra-day all-time high. The UK's FTSE 100 index ended 13.9 higher at 4,341.0, having notched up an all-time intra-day high of 4,353.4.

The Dow itself succumbed to profit-taking, dropping 23.86 to 6,998.56 hy 1pm New York time. This was in spite of news of a 0.3 per cent monthly seasonally adjusted fall in US producer prices and no growth in January'e industrial production, which further cooled inflation fears. Treasury bonds rallied on the data, with the benchmark 30-year bond issue up almost half a point by 1pm.

The world bull market, which has lifted share prices in most developed countries apart from Japan, has been based on low inflation and interest rates. Low rates reduce corporate costs and encourage investors to bny equities rather than holding their money as cash.

Rates have stayed low in the US because of its so-called "Goldilocks Economy" in which growth is not too fast to cause inflation, nor too slow to create jobs or lift profits. The Federal Reserve has continued to keep rates on hold in spite comments by Mr Alan Greenspan, the chairman, in December about "irrational exuberance" in financial markets.

In Europe, interest rates have been kept low in response to weak economic growth as countries struggle to meet the Maastricht criteria for a single currency. "In Europe, we're at the bottom of the interest rate cycle and governments are still pumping in cash to revive their sluggish economies," said Mr Ian Harnett, director of European strategy at NatWest Markets.

Low inflation has also allowed bond yields to fall, giving further support to equity markets. In the UK, 10-year gilt yields have slipped to 7.11 per cent from 7.55 per cent at tha start of the year. Bonds in Italy and Spain have been strong on hopes they will qualify for a single currency.

The Maastricht process has also meant that European governments have been generally happy to see their currencies depreciate against the dollar, so as to give a lift to their exporters. The dollar has risen from DM1.55 to almost DM1.69 so far this year – its highest level in three years - although it eased to DM1.6862 yesterday.

"We are still seeing good European earnings despite eluggish economic growth, because of weak currencies and the reduced debt costs caused by lower interest rates," said Mr Harnett. Investors are also buying European shares because of their hopes of corporate restructuring on the pattern of the UK and the US, which will eventnally reduce costs and increase profit margins.

The few remaining bears worry either that, when growth picks up worldwide, inflation and interest rates will have to rise, or that economies will remain eluggish in Europe and slow down in the US.

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Scientists developing chip to diagnose cancers

By Clive Cookson in Seattle

Scientists in the US are combining the latest research in biology and information technology to develop a futuristic "cancer chip".

The chip, on which microscopic pieces of DNA are chemically linked to a silicon disc, will be able to tell from contact with DNA in a blood sample whether someone is developing cancer.

If so, it will diagnose the precise type of tumour. With the help of a computer, appropriate treatment can be suggested.

Professor Leroy Hood, one of the world's leading gene researchers, is co-ordinating the project at the University of Washington in Seattle. The project has not been publicised until now.

The professor's first target is a DNA chip to detect and analyse prostate cancer.

A prototype chip containing prostate genes has already heen tested, and Prof Hood expects within a year to have enough genetic information to distinguish between slow-growing tumours that require no immediate treatment and

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Aids hormone, Page 3

Asahi Bank to stay in US despite $5m fine by Fed

By Gwen Robinson in Tokyo and Tracy Corrigan in New York

Asahi Bank, one of Japan's top 10 commercial banks, said yesterday it would maintain its US operations in spite of fines imposed hy the US Federal Reserve for alleged misconduct.

The Fed announced on Thursday it had fined Asahi Bank $5m for allegedly obstructing US regulators in carrying out inspections at the bank's New York branch.

The Fed alleged that Asahi officials had misused confidential supervisory information and made false statements to officials. Asahi officials had allegedly gained access in 1995 and 1996 to confidential inspection documents being compiled by the Fed and the New York banking authorities.

The Fed concluded that a series of acts hy the hank'e hranch officers constituted obstruction of regulators' examinations.

The branch officers concerned are now being questioned by federal prosecutors, who are expected to press charges.

Asahi is tha third leading Japanese financial institution to be fined by US regulators in the past two years. In late 1995, Daiwa Bank was fined $340m and expelled from the US for deceiving US authorities over $1.1bn in unauthorised trades by a rogue dealer. In December 1995 Nomura Securities paid a $1m fine for failing to maintain minimal capital requirements and other breaches of New York Stock Exchange rules.

Asahi officials in Tokyo said the bank had paid its fine immediately, hut had not admitted to the Fed's charges of misconduct.

In a written atatement, Asahi acknowledged that several employees had obtained access to confidential inspection documents left by US regulators at the bank's New York branch.

But it added: "Nothing suggests the branch employees involved sought to hide any

Continued on Page 24

STOCK MARKET INDICES

FTSE 100:	4,341.0	(+13.9)
Yield	3.61	
FTSE Eurotrack 100	2,158.67	(+0.29)
FTSE All-Share	2,114.12	(+0.3%)
Nikkei	18,722.00	(+33.94)
New York lunchtime		
Dow Jones Ind Ave	7,003.96	(-18.47)
S & P Composite	809.23	(-2.59)

■ LONDON MONEY

3-mo Interbank	6 3/16%	(same)
Liffe long gilt fut:	Mar113 3/8	(Mar113 5/32)

■ US LUNCHTIME RATES

Federal Funds:	5 1/16%
3-m Treas Bills: Yld	5.082%
Long Bond	101 1/4
Yield	6.625%

■ NORTH SEA OIL (Argus)

Brent Dated	$20.625	(20.49)

■ GOLD

New York Comex (Feb)	$346.4	(342.5)
London	$345.85	(342.15)

■ STERLING

New York lunchtime:		
$	1.61855	
London:		
$	1.6210	(1.6221)
DM	2.7334	(2.7367)
FFr	9.2235	(9.2402)
SFr	2.3706	(2.3585)
Y	201.328	(202.211)
£ Index	97.7	(97.8)

■ DOLLAR

New York lunchtime:		
DM	1.69855	
FFr	5.692	
SFr	1.4635	
Y	124.20	
London:		
DM	1.6862	(1.6871)
FFr	5.690	(5.6965)
SFr	1.4625	(1.4527)
Y	124.2	(124.66)
$ Index	103.8	(103.9)
Tokyo close: Y	124.645	

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German cash for Ukraine disappears

By Matthew Kaminski in Kiev

An expensive goodwill gesture from Germany to Ukraine has opened old wounds. Some DM80m ($47m) in German taxpayer money has gone missing from a special DM400m fund set up in 1993 for more than 600,000 Ukrainian victims of the second world war, and months of discreet talks have yielded no solution.

German authorities have expressed their "concern" to the Ukrainian government and held out hope that the funds would be recovered and the outstanding claims from war victims be met.

But relations are strained.

The problems started in September when the Ukrainian government Foundation for Understanding and Reconciliation, charged with distributing the German restitution fund, stopped paying compensation.

The foundation subsequently told German officials that DM80m had been frozen in an account held at Gradobank, a large Ukrainian commercial bank placed under central bank supervision after a run on deposits in March. The foundation's director was fired in October and left Kiev. His replacement, Mr Igor Lushnikov, declined an interview but Kievsky Vedomosty, a national daily, said he warned the Kiev government the affair would have "a negative political resonance".

An estimated 70,000 Ukrainians who suffered in German factories and forced labour or concentration camps during the war have not received their payments, ranging from DM400 to DM1,000. By the end of last year, 538,000 Ukrainians had received their cheques.

The Ukrainian cabinet, under pressure, last week passed a resolution proposing to issue special compensation bonds through another commercial bank that could be redeemed by the victims, but no specific amount was mentioned.

The central bank asserts that Gradobank, which has been virtually bankrupt for nearly a year, can be rescued when outstanding loans come in and urges patience.

But German officials are unconvinced. "In any other country Gradobank would cause a major scandal," one said.

"The German money was used for loans to insiders and members of the ruling establishment. The bank is not getting closed possibly because the government cares deeply for those who suffered in the war – or it is possibly covering its tracks," the official added.

Cross-shareholding and intimate ties with the government characterise Ukraine's weakly capitalised banking system.

The foundation, created and run by the Ukrainian cabinet, had a mandate that permitted deposit of the German funds in local banks and collecting of interest. Four banks were chosen.

Germany has no oversight role within the foundation and cannot look into its books, even though all its funding comes from the federal government in Bonn.

"Fifty years after the war, Germany did not want to be involved in deciding victim claims," a diplomat said. "Now we can exert only political pressure."

In 1993, Germany agreed on a DM1bn humanitarian settlement with Russia, Ukraine and Belarus. The compensation scheme had been the initiative of Chancellor Helmut Kohl after German unification.

The programme also ran into problems last summer in Belarus when President Alexander Lukashenko wanted to transfer DM110m from a private to a state bank and use the funds for his budget. The Belarusan leader backed down after intervention by the German foreign minister.

Yeltsin's hint fuels succession rumours

By John Thornhill in Moscow

President Boris Yeltsin yesterday raised the possibility of amending the Russian constitution.

In his first radio address to the nation since falling ill with pneumonia at the beginning of the year, he said the constitution was the "core of Russian statehood", which had ensured democratic elections at every level of government, and should not be changed recklessly. But he hinted that it could be modified to reflect changing circumstances. The constitution was adopted in 1993 at a time of great upheaval.

"Proceeding from the demands of life, amendments and additions can be made to the constitution, but there is no need to hurry with this," he said.

Mr Yeltsin's comments will fuel speculation that the Kremlin is toying with various schemes to ensure political continuity if the ailing president is forced to step down.

The Russian establishment, seemingly fearful that the populist Mr Alexander Lebed would win fresh presidential elections, has been floating various constitutional amendments.

One variant suggests that Mr Victor Chernomyrdin, the prime minister, who would take over temporarily if the president were incapacitated, should serve out the rest of Mr Yeltsin's term. Others suggest the creation of a constitutional monarchy or the appointment of the president by parliament.

Meanwhile, Mr Gennady Zyuganov, the Communist party leader who came second in last summer's presidential elections, warned his party to be ready for new elections at any moment. Communist deputies have been pushing Mr Yeltsin's doctors to submit a written assessment of the president's health to parliament.

In his address, Mr Yeltsin promised Russia's pensioners he would eradicate the problem of delayed pension payments caused by the crisis in public finances. "People should get their February pensions in February," he said.

He also dismissed talk that pensioners who still worked would lose their state pensions. "To deprive working pensioners of their pensions is not just foolishness, it is a crime," he said.

Mr Yeltsin has been recovering from pneumonia more slowly than expected but confirmed yesterday that he would address parliament on March 6.

GERMAN MINERS PROTEST OVER SUBSIDY CUTS

Mr Johannes Rau, prime minister of North Rhine-Westphalia, joins more than 100,000 striking coalminers and their supporters yesterday in Luenen protesting against big cuts threatened in government subsidies for the German coal industry, writes Ralph Atkins in Bonn.

Union, church and other community leaders organised a "solidarity band" about 100 km long.

The government hopes to reach a decision on the subsidies, worth DM10bn ($6bn) a year, in the next few weeks.

There is strong pressure within Chancellor Helmut Kohl's coalition for substantial cuts and an eventual end to subsidies.

The Free Democratic party, junior coalition members, warned against making "untenable" promises to miners. Picture: Reuter

E Europe seeking to curb money laundering

By Vincent Boland in Prague

Eastern Europe's emerging markets are being forced to strengthen, or introduce, fraud and money laundering legislation under the pressures of internal financial crises and hopes of joining the European Union.

Legislation is due to be introduced shortly in the Baltic states and is being prepared in Romania and elsewhere, according to delegates attending a conference in Prague on money laundering in the region.

Mr Rowan Bosworth-Davies, a UK lawyer who advised Romania on financial regulation, said there was a perception that it was easy to move money through the region's fragile financial system but legislation was going in the right direction.

"There is an immense willingness to take the fight forward," he said.

This week the Czech finance ministry ordered a probe into four suspected cases of money laundering at domestic financial institutions. The move was facilitated by the strengthening earlier this year of anti-fraud legislation.

It coincides with a separate crackdown on insider trading and other suspected abuses on the Prague stock exchange, which, unlike the Warsaw and Budapest exchanges, does not have a strong regulatory watchdog.

Mr Andres Sutt, deputy head of policy at the Estonian central bank, said "a legal framework consistent with international law" was well under way and the political will was present in all three states to implement it.

A key problem faced by regional regulators is in identifying the shareholders of banks suspected of criminal activity or unsafe banking practices, who often hide behind tight secrecy laws.

The Czech National Bank said at the time shareholders rather than depositors would have to bear the cost of rescuing troubled banks. It spent at least Kc22bn ($79m) last year restructuring the small bank sector, the source of the trouble, and the government had to give guarantees for emergency loans to those banks. Mr Chris Dickson, senior assistant director at the UK Serious Fraud Office, said it was essential to know "who is calling the shots" at banks. He also suggested regulators be given the right to inquire into the beneficial ownership of suspicious or nominee shareholdings.

Mr Dickson said this would stop some shareholders as "boxes stuffed with other people's money" and make some types of bank fraud more difficult to commit.

Several countries have taken advice from western regulators in designing legislation to identify threats to their financial systems and to bring laws into harmony with EU directives.

Fight 'will not be easy'

The fight against money laundering and fraud in eastern Europe's emerging markets is not going to be easy, a conference in Prague on the issue heard yesterday, writes Vincent Boland.

While the lawless environment into which these countries emerged after the end of communism is gradually being replaced by the rule of law, many early economic reform measures took place before the introduction of proper regulatory systems.

Mr Jonathan Harfield, money laundering officer at the European Bank for Reconstruction and Development, outlined several casualties of the early days of reforms, when an atmosphere conducive to money laundering prevailed – low wages for law enforcement officials, a dash for hard currency, inflation, a cult of secrecy as a reaction to the cult of informing that characterised communism.

In the Czech Republic and Slovakia, new banks were quickly created without a proper fraud investigation system to deter undesirable shareholders or institutions. Privatisation also transferred vast amounts of state property to private hands and the Prague stock market was set up without a proper securities watchdog.

In the early 1990s the Palestine Liberation Organisation deposited £50m ($81m) in Polish banks. The money "disappeared without trace," Mr Harfield said.

"The environment in which a bank or a company – particularly a bank in emerging markets – operates is the key determinant of its susceptibility to money laundering," Mr Harfield said.

He suggested two questions should be asked by western investors doing business in the region. Is a particular financial institution or company materially more susceptible to money laundering than its peers in a country of operation? And is my bank or company exposing itself to unnecessary reputation or credit risk?

"If the answers are 'no', then a deal may be possible," he said.

Madrid puts boot into TV soccer plans

By Tom Burns in Madrid

The passions that football arouses in Spain are so great that they can make politicians stand on their heads.

The game, or more exactly the issue of who televises it, is so important that Mr Francisco Alvarez Cascos, deputy prime minister and chief government troubleshooter, has spent most of the week talking to club chairmen instead of negotiating with striking truckers who have blockaded most of Spain's main roads.

Yesterday, Madrid's centre-right government abandoned its free market platform to review legislation on television rights that looks distinctly interventionist. The previous day the opposition Socialist party forthrightly defended the business ambitions of a media mogul who, in any country other than Spain, would have been championed by conservatives.

Mr Alvarez Cascos also turned up on late-night radio chat shows, to which Spaniards are addicted, to inform listeners that Spain intended to be "an example to Europe". On curbing budget deficits, perhaps? No. The deputy prime minister chose to appear on sports programmes and his message was that the government intended to curtail pay-per-view TV broadcasts of football matches.

The government's draft legislation takes its cue from proposals by the European Commission that would guarantee wide public access to broadcasts of top sporting events. As far as the government is concerned, "top events" in soccer-mad Spain means all the crowd-pulling first division matches.

This interpretation is a blow below the belt to Canal Satellite Digital. The first digital station to be set up in Spain, it has spent a lot of money signing up exclusive broadcasting rights with the big clubs. Managed by Prisa, the leading domestic media group, the station hopes to recoup its investment in two years' time when it plans to start offering first division soccer only to those who buy its sports channel.

Prisa, through its newspaper El País, the best-selling domestic daily, and through its SER radio network, has accused the government of "persecuting" its chairman and chief shareholder, Mr Jesus Polanco. The media mogul's "crime" is that he is a staunch supporter of Mr Felipe González, the former prime minister whose Socialist government awarded him a licence to launch a pay-TV service 10 years ago in association with France's Canal Plus.

While the government claims it is seeking to prevent monopolies, the Socialist opposition alleges blatant interference in the free market in order to protect a rival digital TV station which is backed by the government and which has no soccer broadcasting rights.

What has dawned on Mr Alvarez Cascos, as he talks to the football chairmen, is that if the government pushes ahead with its public access soccer plans, it will be the clubs, not just Prisa's pay-per-view project, which will be in trouble. The clubs have invested colossal sums to sign up soccer stars on the strength of the exclusive TV contracts.

Public access soccer may be a vote winner (as well as a useful way to spite Mr Polanco) but if the clubs were forced to sell their stars, they might not thank the government.

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Sweden's SDP sees drop in support

By Hugh Carnegy in Stockholm

Sweden's governing Social Democratic party, for decades the country's biggest political group, was shaken yesterday by an opinion poll which showed the conservative opposition Moderate party leading it by a significant margin.

The poll followed a controversial decision by the government to begin decommissioning the country's big nuclear power industry. The decision to shut two out of 12 reactors by mid-2001 has been heavily criticised by the opposition, trade union leaders and top industrialists as a threat to the economy and employment.

Support for the SDP, for decades the country's biggest political party, slumped to 27 per cent after the nuclear decision, according to the poll by the Temo research institute.

It was a fall of 4 percentage points from a similar poll in December, and compared with the 45.3 per cent vote the party won in the 1994 general election.

The Moderates, led by Mr Carl Bildt, former prime minister, jumped 3 points to 31.5 per cent, their highest level since 1979 and a big rise from 22.4 per cent in the general election.

SDP officials said the poll reflected disquiet over record unemployment – running at more than 13 per cent of the workforce – and recent tough public spending cuts, rather than the nuclear decision.

However, opposition leaders said the nuclear shutdown had further alienated many SDP supporters already worried that the government's economic policy was set to hinder rather than stimulate employment growth.

Mr Göran Persson, the prime minister, took the decision to begin a shutdown of nuclear power, which provides half of Sweden's electricity needs, in large part to cement an alliance between the SDP and the small, pro-green Centre party.

It was in line with a 1980 referendum decision to decommission all nuclear reactors eventually, but defied growing opinion that they should not be closed before the end of their technical lifespan.

The prime minister is anxious to preserve the SDP-Centre alliance up to and beyond the September 1998 election as a means of ensuring the minority government stays in power – and prevent a reformation of Mr Bildt's former right-centre coalition which included the Centre party.

But yesterday's poll suggested his strategy could backfire unless there is a clear rise in employment.

INTERNATIONAL NEWS DIGEST

US air strike talks continue

American Airlines and its pilots were yesterday locked in round-the-clock talks with no sign of a breakthrough that would end a strike due to begin at midnight last night. If the strike goes ahead, it threatens to cause severe disruption to air travel in the US because American Airlines, the nation's second biggest carrier, carries about 200,000 passengers a day, equivalent to 20 per cent of the domestic market.

An economic impact report prepared by the Transportation Department this week estimated that a shutdown of the airline would cost the US economy up to $200m a day, and President Bill Clinton is under pressure to intervene. The White House has been keeping a close watch on developments, but Mr Clinton has appeared determined to let the mediation process play itself out before contemplating any direct intervention.

In 1993, Mr Clinton successfully pressed Mr Robert Crandall, chairman and chief executive of American Airlines, to accept binding arbitration five days into a strike by the airline's flight attendants. In the latest dispute, the airline has said it will accept binding arbitration, but the pilots' union opposes it. Mr Clinton could impose arbitration by establishing a Presidential Emergency Board, which would have 30 days to forge a settlement plan. *Richard Tomkins, New York*

Andorra votes tomorrow

The citizens of Andorra, the tiny tax-free mountain state lodged in the Pyrenees between France and Spain, go to the polls tomorrow to take part in the second-ever fully democratic elections held in the co-principality. Nearly 11,000 of the inhabitants are eligible to vote for the 28 part-time councillors who will between them choose a prime minister and cabinet to rule for the next four years.

At stake is the future direction of a state suffering economically and at a crossroads in its relations with its neighbours and with the European Union – with which it has a series of agreements, without being a member.

The first fully fledged government elected in 1993 and led by Mr Oscar Ribas Reig, a long-standing political figure, collapsed after a no-confidence vote. Some analysts expect the existing fragile coalition led by Mr Marc Forné Molné, his replacement as prime minister and head of the UL liberal union party, to collapse after tomorrow's vote. *Andrew Jack, Andorra*

Japan 'must alter liquor taxes'

A World Trade Organisation arbitrator yesterday ruled that Japan would have to end its liquor tax regime, found to discriminate against imports, within 15 months. This was a victory for the US, which took the case to arbitration because Japan proposed to wait 23 months to begin changing its tax regime, and the entire process was to take up to five years.

Ms Charlene Barshefsky, US trade representative, said she was pleased that the arbitrator had "reaffirmed the central principle of the WTO Dispute Settlement Understanding – that members have an obligation expeditiously to comply with WTO rulings". A senior trade official said it was important that Japan is "a leading signatory" to the WTO, and "it was important the door not be opened to longer periods of time to implement WTO decisions".

The US, EU and Canada brought the complaint against Japan in 1995. Under the current regime, the highest tax rate falls on whisky and the lowest on shochu, a traditional Japanese spirit. The panel recommended Japan change its liquor tax law. To comply with the ruling, Japan offered to lower the tax on whisky by 58 per cent from October and raise that on shochu by between 1.6 and 2.4 times over five years. *Nancy Dunne, Washington*

Bosnia town stays with Serbs

A US arbiter ruled yesterday that the disputed Bosnian town of Brcko would remain under Serb occupation but be placed under international supervision until a final decision on its future is reached next year. Brcko was the only part of Bosnia left unresolved by the US-mediated Dayton agreement that ended more than three years of war in 1995. The strategic northern town on the Sava river lies across a narrow corridor linking Serb-controlled territory in the west and east of Bosnia. Serb forces captured the town early in the war, killing or expelling Moslems and Croats who had been in a majority there.

Mr Alija Izetbegovic (pictured above), the Moslem chairman of Bosnia's collective presidency, threatened to resign this week if Brcko was handed to the Serbs for good. A spokesman for Mr Izetbegovic said Mr Owen's decision was an "injustice" but could be acceptable if properly implemented. Bosnian Serb authorities have prevented thousands of Moslem refugees from returning to Brcko. *Guy Dinmore, Belgrade*

Enel to fight tariff cut move

A decision by an Italian administrative tribunal to annul tariff increases introduced in 1994 by Enel, the state electricity company, will cost L1,500bn ($93m) a year in lost earnings. The estimate was given yesterday by Mr Chico Testa, Enel chairman, following a recent decision by the Lazio region administrative tribunal on action brought by consumers questioning the 1994 price rises.

However, he said Enel was fighting the decision and had taken the matter to the council of state which could issue a ruling before the end of the month. Until then Enel is reluctant to assess the real impact on its balance sheet, whose 1996 profit is expected to be around L2,500bn. Enel is in the process of preparing for privatisation but no sell-off is likely until 1998. *Robert Graham, Rome*

Thai shares and currency dip

The Thai baht and Bangkok share prices dipped sharply yesterday after Moody's credit rating agency said it was reviewing the country's sovereign debt rating for a possible downgrade. The agency said the review was prompted by concerns about the soundness of Thailand's financial sector. It noted the recent accumulation of short-term foreign currency debt in the sector and a rise in non-performing property-related loans. Moody's said other problem loans might emerge in the wake of last year's dismal trade performance. Moody's gives Thailand an A2, or upper-medium-grade investment, sovereign credit rating. *William Barnes, Bangkok*

Spanish jobless up slightly

Spain appeared to be making inroads on its high unemployment level, the highest in the EU, according to data published yesterday. Registered unemployment edged up last month by 40,000 to total 2.256m but the percentage of jobless, 14.08 per cent, was the lowest recorded for January since 1982. The working population during 1996 rose by 400,000 to 12.63m. *Tom Burns, Madrid*

■ Israeli inflation slipped to 10.1 per cent last month against 10.6 per cent in 1996, after a small rise in the January consumer price index. *Judy Dempsey, Jerusalem*

Strong criticism forces consumer credit companies to promise tighter lending policies

Japanese go bankrupt in record numbers

By Gwen Robinson in Tokyo

A surge in personal bankruptcies in Japan, particularly among middle-aged men and young women, has triggered a backlash against credit companies for their loose lending practices and led to curbs on the widespread use of automated money-lending machines.

Pereonal bankruptcies reached a record high of 50,615 cases in the first 11 months of 1996, surpassing the total of 43,414 for 1995, according to government figures. Much of the blame for the rise in individual debt has fallen on consumer loan companies, which currently have more than Y5,200bn ($41.8bu) in outstanding loans.

In response to mounting criticism, leading consumer-loan companies pledged last week to tighten lending procedures.

There are more than 3,000 money-lending terminals operated by six consumer credit companies throughout Japan. To obtain a loan, a potential borrower needs only to show identification and a pay slip, or other evidence of regular income. If successful, the user can gain a credit line of up to Y500,000 within 30 minutes, via a cash dispenser next to the loan machine.

Mr Tatsuya Kimura, a lawyer who specialises in personal debt problems, believes the eutomatic credit machines are largely responsible for driving up debt and bankruptcies. "Tbese machines allow people to take out loans without suffering the mental stress or guilt one usually feels when asking for a loan," he said.

He noted that bankrupt individuals are often found to have taken out loans totalling more than Y4m from several companies, borrowing more beavily each time to pay previous debts. The companies are able to check through national credit-information networks whether potential borrowers already bave outstanding loans with other lenders. "They have the information. Yet, they continue extending loans easily, just to expand their profits," be said.

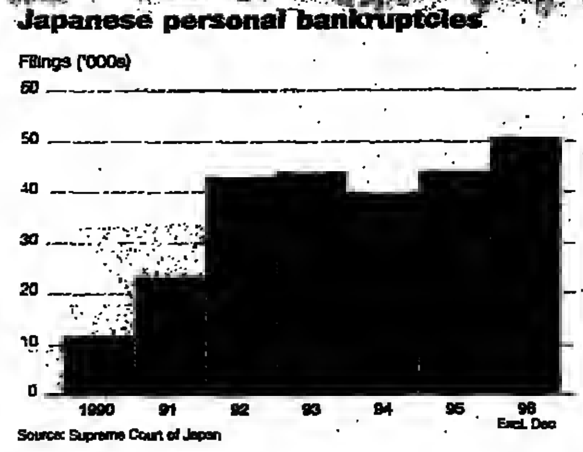
Consumer finance companies escape the strict regulations eppbed by the finance ministry to banks and large financial institutions. They can procure their funds from banks at interest rates of as little as 5 per cent, and lend to individuals at rates of up to 30 per cent.

Why do the companies continue leuding to such risky customers? The Japan Credit Counselling Association, an independent group which belpe beavily indebted people, says the etigma of bankruptcy in Japan is sucb that consumer credit companies can usually rely on relatives to pay up if the borrower is unable. "It would bring shame on the whole family if the borrower was permitted to file for bankruptcy," said an association spokesman.

The rapid growth in personal bankruptcies, from an average annual total of about 10,000 up to 1990, wheu the speculative bubble era collapsed, bas spurred people such as Mr Kimura and the credit counselling association to campaign against indiscriminate lending policies. The finance ministry, in response, warned consumer credit companies to review their practices.

The country'e five largest consumer credit companies bave now promised to tighten procedures, including limiting the number of companies from which a person can borrow, and closing down automatic machines on weekends. The companies also said they would introduce "proper counselling" for consumers and disclose more information about their operations.

● Japanese corporate bankruptcies, reacbed 1,204 in January, tbe highest level for the month in 10 years and nearly 8 per cent more than a year ago, according to Teikoku Data Bank, a private research institute. Liabilities resulting from the bankruptcies surged 121.7 per cent from a year ago to mark a record for the month of January of Y717.95bn. Among the largest corporate bankruptcies were the failure of Kyotaru, e sushi chain operator, and Ga-jo-eu Kanko, a botel operator. They were among nine cases categorised as large-scale business failures with debts of Y10bu or more.



US verdict awaited on telecoms pact

By Frances Williams in Geneva and Michiyo Nakamoto in Tokyo

World Trade Organisetion negotiators were last night awaiting Washington's verdict on a global pact that would liberalise telecommunications markets around the world and open them up to foreign competition.

By last night 66 governmeuts (including the 15 European Union member states) representing more than 90 per cent of the $600bn-plus world telecoms market had submitted offers in the talks. Mexico and Canada were among several countries making significant improvements yesterday in their market-opening proposals in responsa to continuing US pressure ahead of today's midnight deadline for a deal.

Mexico has raised its foreign equity limit to 49 per cent from 40 per cent, while Canada has eased restrictions in its satellite communications market and brought forward the date for ending the Telesat mouopoly ou fixed satellite services from 2002 to 2000.

However, despite a personal letter from President Bill Clinton, the Japanese government rejected Washington's call to ease the 20 per cent restriction on foreign ownership of its largest telecommunications operators, NTT and KDD. Canada, too, has refused to budge on its 46.7 per cent foreign equity limit for terrestrial telecoms companies.

Sir Leon Brittan, the EU's trade commissioner, said in Geneva yesterday that the offers now on the tabla nevertheless represented "a massive liberalisation of the world telecoms market which it would be crazy not to grab with both hands".

Mindful of the events of last April, when the US walked away from a telecoms accord because it was not satisfied with the package ou offer, Sir Leon said be was "optimistic but not complacent". EU ministers were meeting late last night to endorse the proposed accord.

In Tokyo, Mr Ryutaro Hashimoto, Japanese prime minister, said that Japan's lifting of its restriction on foreign equity participation in NTT and KDD depended on similar deregulation in the US. The US restricts direct foreign ownership in radio stations to under 20 per ceot, though up to 100 per ceut foreign ownership is possible through US-incorporated affiliates.

Mr Hashimoto said be intended to write to Mr Clinton explaining that Japan would remove its restrictions ou foreign equity holdings in the two carriers only if the US removed all its restrictions as well. The Japanese government has already offered to lift foreign equity restrictions completely on all otber carriers and radio stations.

A successful WTO accord could save consumers as much as an estimated $1,000bu over three years by opening up markets to competition.

● KDD, Japan's leading international telecoms carrier, has applied for licences to conduct international telecoms services in the US. It hopes to provide international telepbone services to countries other than Japan by leasing lines from US carriers.

US data show growth with low inflation

By Gerard Baker in Washington

Prices paid to US producers dropped last month, further evidence that the long economic expansiou continues with barely a hint of emerging inflationary pressures.

Producer prices fell by a seasonally adjusted 0.3 per cent in January from a montb earlier, the first monthly fall for nearly 2¼ years, the Labour Department reported.

Bond prices moved sharply higher following the report, and were lifted further by other figures that showed industrial production cooled in January after its surge at the end of last year.

By noon the yield on the benchmark 30-year treasury bond had fallen to 6.55 per cent, the lowest level for two months.

The decline in prodncer prices last month followed increases of 0.6 per cent in December and 0.2 per cent in November.

The main fector behind the drop was a 1 per cent decline in food prices and a 0.2 per cent fall in energy costs, both of which had riseu strongly in 1996. But even core prices, excluding those two volatile components, were unchanged in January from a montb earlier.

Seasonally adjusted industrial production was flat last month compared with production in December, the Federal Reserve reported.

Of the main industrial sectors, only utilities registered a significant increase, with output rising by 2.9 per cent last month following an identical decline in December. Mining and manufacturing output declined. Capacity utilisation dropped to 83.3 per cent in January from 83.5 per cent a month earlier.

But the standstill in overall industrial production followed two months of strong rises, and the longer-term trend remains upward. In the three months to Jannary, output grew by 1.3 per cent compared with the previous three months.

Other figures published by the Commerce Department yesterday showed a 0.1 per cent fall in stocks held by companies in December from e month earlier. The department also revised downward its estimate for November's stock levels. The figures are significant since they mean the final estimate of overall groes domestic product growth in the final three months of 1996 is also likely to be revised down from the previous estimate of 4.7 per cent.

Overall, the data support the view of an economy growing at a moderate rate with low inflation. The price pressures normally associated with this stage of an economic expansion are still not evident, in spite of an unemployment rate of just 5.4 per cent, close to a 10-year low.

The main inflation threat comes not from prices of finished goods charged by prodncers but from the services eector, where the recent acceleration in wage costs will feed through much more directly into higher prices.

Netanyahu hints at softer line on Golan

By Patti Waldmeir in Washington

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday reiterated bis country's policy of reopening peace talks with Syria "without preconditions" and left the door open to making territorial concessions on the disputed Golan Heights.

He is under beavy pressure from the US to resume negotiations with Damascus.

He has discussed the issue at length with US officials, including President Bill Clinton, during a visit to Washington designed to reward him for last mouth's agreement to withdraw troops from the West Bank town of Hebron. Diplomats said the visit had done mucb to ease the tensions between Jerusalem and Washington apparent on earlier visits.

In what was intended as a gesture toward Damascns, Mr Netanyahu said yesterday that be was prepared to "take note" of the results of the previous round of Syrian peace talks, in which the Labour government in Jerusalem had offered to pull back from tbe Golan Heights in exchange for a secure peace.

Picture perfect: Netanyahu, Israeli prime minister, with Arafat, leader of the Palestinian Authority, at last year's Middle East peace summit. The photo was a winner in the World Press Photo of the Year contest Stephen Jaffe, Reuter

But a large gap remains between the two sides. Mr Netanyahu made clear yesterday that he did not consider the previous governmant's offer of territorial concessions to be binding. He reiterated his rejection of Syria's demand that the talks resume exactly wbere they left off a year ago.

Syria continues to demand the complete return of the Golan Heigbts, whila Mr Netanyahn seems prepared to consider at best a partial withdrawal from them.

Israeli officials said there had been no breakthrough in the talks with US officials, which had covered not only the prospect of renewed talks with Syria but the overall Middle East peace process.

Bnt they said tbey believed Mr Netanyahn had been able to establish a better working relationship with Mr Clinton.

Mr Netanyahu spoke warmly of the president, and of the crucial role of the US in peace process. But he had strong words for Arab leaders wbo, he claimed, were failing to live up to their commitments.

"The glorificetion of terrorism is still part of the Palestinian lexicou," be said, complaining thet Arab leaders had done too little to eucourage a "cbange of heart" amoug their followers.

The prime minister also issued a uncompromising statement on the issne of the future of Jerusalem, saying that tbe city would remein "undivided and under our sovereignty".

Laboratory error gives clue to Aids hormone

By Clive Cookson in Seattle

A mistake over the sexing of mice in a leading Aids research laboratory has led to an experimental treatment for the disease involving a hormone produced by women in the early stages of pregnancy.

Dr Robert Gallo told the American Association for the Advancement of Science yesterday that the pregnancy hormone appears to snppress HIV, the Aids virus, without toxic side-effects. It is also effective against Kaposi's sarcoma, a skin cancer associated with Aids.

The story started in 1994 when Dr Joe Bryant, a researcher in Dr Gallo's laboratory at the US National Institutes of Health, accideutally used a mixture of male and female mice in an experiment on Kaposi's sarcoma. He noticed that some animals were unexpectedly resistant to the cancer – and then, after discovering his mistake, found that these were all females in early pregnancy.

Dr Gallo and Dr Bryant have discovered that tba compound responsible is present in the urine of mice – and women – that have recently conceived.

The molecule is proving difficult to identify, although it is associated with a bormone called human cboriouic gonadotropin. Whether it will become a drug for Aids will not be known until it has been cbaracterised fully and tested.

China, UK still at odds over HK

By James Kynge in Singapore and John Ridding in Hong Kong

Britain and China failed to narrow their differences in a dispute over civil liberties in Hong Kong yesterday in wbat was expected to be the last meeting between their foreign ministers before the colony is handed back to China in July.

Mr Malcom Rifkind, the British foreign eecretary, charecterised Mr Qian Qichen, China's foreign minister, as defensive during a meeting which Chinese officials described as "cold".

From Singapore, Mr Rifkind flies to Hong Kong, whieb has seen mounting concern during the past few weeks over Beijing's plans to water down the territory's Bill of Rights and tighten police controls over public demonstrations.

Mr Rifkind said his meeting allowed him to emphasise the "very broad spectrum of oppositton" to China's plans on laws concerning civil liberties.

The same issues are expected to cloud Monday's meeting between Mr Rifkind and Mr Tung Chee-bwe, Hong Kong'e future leader, who has backed Beijing's proposals. Mr Tung, who takes over in July from Mr Chris Patteu, the present governor, has seen his popularity in the territory slump since his appointment in December and bas faced criticism from local pro-democracy politicians.

Despite the stand-off between Britain and China, diplomats cited one sign of progress at yesterday's meeting. China agreed that it would be Mr Tung – and not Beijing – wbo would decide what type of laws are to replace the Bill of Rights clauses which have been scheduled for repeal. However, democratic politicians in Hong Kong were sceptical about prospects for a significant revision of the proposals.

Beijing-backed newspepers have recently suggested thet if Britain fails to accept the provisional legislature, then British business interests in China conld be hurt.

Mr Rifkind said the UK would never accept a linkage betweeu its economic interests in China and its policy toward Hong Kong. "We would never allow our very important bilateral relations with China to take precedence over Hong Kong," he said.

Taiwan signals blitz on triads after amnesty

By Laura Tyson in Taipei

Taiwan autborities are to launcb a crackdown in the uext few days on gangsters who failed to come forward during a two-month amnesty that expired last week.

Justice officials also promised to monitor closely those wbo had renounced the underworld to prevent them from resuming a life of crime.

Critics said the amnesty was simply a way for criminals to "whitewasb" their past, but officials declared the programme a success and warned gangsters not to underestimate the government's determination to root out organised crime.

A total of 1,528 gang members turned themselves in to police autborities and 44 criminal organisetions, known as triads, formally disbanded before the amnesty deadline of midnight on February 12. The following day legislation outlawing crime organisations went into effect.

"The amnesty programme was aimed at giving a chance to gangsters who want to start a new life," said Mr Liao Cheng-hau, the justice minister. "But for those wbo want to use this as a cover for continuing to eugage in criminal or gang activities, we would ask for double punishment if tbey are caught."

But the Chine Times, Taiwan's leading daily newspaper, questioued the sincerity of the gangsters, who had turned themselves in for "self-renewal", noting that only 10 guns had been handed over to police under the amnesty.

"Although justice minister Liao says he is satisfied with the result, many people are deeply suspicious as to wbether [the amnesty programme] is just a matter of form," the paper said.

The public has been alarmed in recent years by rising incidence of violeut crimes, especially tbosa involving guns, and myriad gangster-inspired corruption scandals in fields ranging from waste treatment plants to professional baseball.

Gangsters have taken advantage of Taiwan's transition to democracy to "launder" their reputations – and edvauce their criminal eudeavours – by getting elected to public office at all levels of government, often througb vote-buying or strong-arm tactics.

Police last year released estimetes tbat, out of Taiwan's 21m population, there were 10,582 gangsters belonging to 1,236 gangs.

Ford offshoot announces expansion as chairman leaves to work outside motor industry

Aston Martin to boost top car output

By John Griffiths in London

Aston Martin, the British luxury sports car company now owned by Ford, is to expand output of its most expensive cars by 25 per cent. They are produced at the factory in Newport Pagnell to the north of London which has been "home" to the company for most of its 70-year history.

The move was disclosed last night, as was a decision by Mr David Price, Aston Martin's chairman and chief executive since October 1995, to take up consultancy work outside the motor industry. Company insiders dismissed reports that Mr Price's decision to leave had been prompted by disagreements over policy with its US parent.

Increased output of Aston Martin's V8 and Vantage models, each costing between £140,000 ($226,800) and £200,000, also contradicts other reports that the future of the Newport Pagnell site is itself in doubt, and that operations are likely to be concentrated around Aston Martin's second production site at nearby Bloxham Mill. That factory produces the £80,000-£90,000 DB7 model at a rate of about 600 cars a year.

"Even if we wanted to, we couldn't bring everything to Bloxham; the site is too small and completely taken up with DB7," said Mr Harry Carlton of Aston Martin.

The Newport Pagnell site is substantially the bigger employer of the two, with a workforce of 300 compared with 200 at Bloxham. Only about 100 of the Newport Pagnell employees are engaged in car production – most are involved in the company's highly profitable maintenance and restoration activities. More than three-quarters of all Aston Martins ever made are still running. The company was founded by Lionel Martin, who built his first car in 1913 after years selling and racing other cars. His early cars were tested on a steep hill at Aston Clinton near Newport Pagnell.

Mr Price, 53, is a virtually lifelong Ford man, who first joined the company in 1964. Until transferring to Aston Martin be was best known for his role as project director for the Ford Mondeo. From the end of March, under the Ford 2000 global restructuring programme, Aston Martin will have only a chief executive and managing director, who will report directly to Ford's large cars division in Detroit and Mr Jac Nasser, head of world automotive operations.

Mr Price's successor, with the new joint role of chief executive and managing director, is Mr Bob Dover, one of the leaders of the XK8 sports car project at Jaguar Cars, which is also Ford-owned. Mr Price was last night unavailable for comment.

Windfall tax was idea discarded by Treasury

By Our Industrial and Political Staffs

The opposition Labour party's proposal to apply its windfall profits tax to privatised utilities regulated by statute was the approach favoured by the Treasury wben ministers considered the idea two years ago, it emerged yesterday.

Officials concluded that extending the levy to tha privatised ntilities regulated by statute would be the best way to avoid legal problems. This is the model being used by Labour in its draft windfall tax legislation.

However, the government eveotually discarded the idea because of political opposition and difficulties in deciding how the liability of particular companies would be determined.

Tbe disclosure that Labour's levy would in principle apply to a much wider group of companies than previously assumed was yesterday greeted with a mixture of anger and caution by those threatened.

Some groups condemned the plan as "confiscatory", whilst others said that they could live with the tax as long as the levels were not excessive. Many companies said they would respond only wben tbey saw the detail of Labour's proposals and that talk of a legal challenge was premature.

The opposition Labour party yesterday wrote to 1m bomes in marginal constituencies giving details of a pledge by Mr Gordon Brown, its chief finance spokesman, that income tax rates would not be raised by a Labour government, David Wighton writes. The campaign is designed to counter claims in the Conservative party's latest party political broadcast tbat Labour would increase taxation to levels typical elsewhere in Europe.

Labour also hit back at the broadcast's warning that a Labour government would introduce European-style job market regulation. Mr Stephen Byers, the party's chief employment spokesman, said it would foster a "balanced and flexible" jobs market, a course between Conservative deregulation and European over-regulation.

Three groups - British Telecommunications, Associated British Ports and BAA, the airports company – said they still did not expect to be included in a windfall tax.

BT said: "The Labour party has indicated that the windfall tax would fall on receotly privatised utilities which make excess profits. BT is oeithar a recently privatised utility nor does it make excess profits. At oo point has the Labour party indicated that BT would be part of a windfall tax.

Sir Keith Stuart, chairman of Associated British Ports, Britain's largest ports group, said: "We have had oo indicatioo at all that Labour would even contemplate including us. We are not a monopoly, nor are we a utility. We face a lot of competition." BAA said: "We remain of the view that we are not a utility and have oot had a windfall."

Among tbe power and water companies, which are resigned to being windfall tax targets, Wessex Water led a list of companies hitting out at Labour's plans. Mr Nick Hood, chairman, said: "As far as my shareholders, customers and staff are concerned the windfall tax is a bad idea. It is taking us back into the public sector through the back door and seizing profits."

The people who bad made windfall profits – new issnes "stags" and well-paid top executives – were already long gone, said Mr Hood. He declined to say wbether he would consider legal action. However, Anglian Water said it might mount a legal challenge.

Stefan Rousseau

Former second world war detainee Evelyn Honywill, on the steps of the embassy. She was held in Pootung, China

Protest at Japan embassy

A protest by former civilian internees and prisoners of war outside the Japanese Embassy in London yesterday won support from Japanese tourists as well as from other passers-by. Motorists passing the embassy hooted in support. Mr Daigo Seko, aged 60, wbo imports British goods into Japan, said: "This is justice. This is right. They deserve to be paid. I very well understand their case and what they are asking."

The former prisooers, who want a formal apology from Japan and compensation of £10,000 ($16,200) each, will take their case to a Tokyo court later this year.

Ethical funds 'are equal in returns'

By William Lewis
Investment Correspondent

Funds which refuse to invest in companies involved in tobacco, alcohol, armaments and gambling achieve the same return on their UK aquity investments as unconstrained funds, according to a new analysis.

WM, the UK's leading performance analysis consultancy, found that a group of ethically-managed charity funds, known as an ethical charity universe, achieved a 15.5 per cent raturn per annum on its UK equities between 1992 and 1995.

WM found that this was the same as the return achieved by a group of charity funds which did not place restrictions on the types of companies their fund managers invested in.

"This suggests that the exclusion of certain stocks did not appear to have a major impact on equity return," said Mr Alastair MacDougall of WM.

WM suggests that ethically-managed charity funds would achieve increased returns by reducing their stock selection and instead basing their UK equity holdings on an ethical index.

The FTSE All Share Index ex-vices, which excludes companies involved in tobacco, alcohol and gambling, but includes armaments, achieved annualised rolling three-year returns up to May 1996 which were on average 1 per cent per annum better than the FTSE All-Share index.

This outperformance was achieved at the expense of a 0.2 per cent increase in volatility, and is described by WM as a "risk worth taking".

Mr MacDougall said: "This, if sustained, would represent a good return to risk trade off."

WM's analysis states that the ex-vice index's outperformance can be partly explained by the stock selections made by funds in the ethical charity universe.

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UK NEWS DIGEST

Warning from senior doctors

London's medical industry, including the renowned Harley Street market, could be jeopardised if the government continues to starve the capital's teaching hospitals of investment, the heads of London University's medical schools have warned.

A report commissioned by London's top doctors identifies three threats to London's position as a "medical powerhouse". They are: reforms in the state health service, the government's 30 per cent cut in universities' research equipment fund and a freeze on medical student numbers.

The 11 medical schools attract over 33,500 students, wbo bring in about £225m ($364.5m) to the local economy. The schools employ around 13,000 academics and support staff, who are given £177m in research grants.

This concentration of medical excellence has created London's huge medical industry. The private healthcare industry, centred around Harley Street, is worth about £767m, which rises to more than £1bn when additional spending by private patients and their families is taken into account. *Simon Targett*

■ MORGAN GRENFELL

Deal seen as vote of confidence

Morgan Grenfell Asset Management has won a new pension fund mandate in spite of last month's controversy about the departure of Ms Nicola Horlick, one of its star fund managers.

MGAM confirmed yesterday that the London Borough of Greenwich had awarded it a £170m ($275.4m) discretionary balanced brief. MGAM said that the new mandate showed that contrary to expectations, it had not been hit by a loss of confidence by clients.

In October MGAM asked five managers including Mr Keith Percy, its former chief executive, to resign after discovering a deception by Mr Peter Young. It also faces a fine of more than £1m by Imro, a City investment watchdog, later this year.

Nevertheless, on the back of strong investment performance by MGAM in 1996 there are relatively few signs of clients moving to sack MGAM. *William Lewis*

■ SCOTLAND

Plan to revive coast-to-coast canal

A plan to restore 110km of canal across the central belt of Scotland was given the go-ahead yesterday with the award of £32m ($51.8m) of Millennium Commission funds towards the £78m project.

The Millenium Link scheme involves reviving the Forth and Clyde canal and the Union canal to provide navigation for pleasure boats between Clydebank, west of Glasgow, and Edinburgh. This would restore a connection severed more than 60 years ago.

Consultants have estimated that the canal would attract 2.5m day visitors each year and 500 yachts and cruisers would use it to cross from coast to coast. The centrepiece of the project will be a revolving boat lift 25m wide which will transfer narrow boats between the two canals at Falkirk, the town roughly equidistant from Glasgow and Edinburgh. *Charles Batchelor*

■ CHANNEL ISLANDS

Rate movements affect deposits

Strong movements in exchange rates, especially the recent strength of sterling, have affected the value of deposits beld in Channel Island banks, whicb stood at a total of £133bn ($215.5bn) at the end of 1996.

About two thirds of the funds on deposit in Jersey and Guernsey are in currencies other than sterling, which last year fell by 9 per cent against sterling.

Jersey bank deposits grew by 1.4 per cent during 1996 to £89.6bn while those in Guernsey fell by 7.5 per cent to £43.3bn. *Philip Jeune*

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■ NORTHERN IRELAND

Soldier shot with 'super rifle'

The British soldier killed at a checkpoint in Northern Ireland on Wednesday was shot at long range by a sniper using a high velocity weapon, Assistant Chief Constable Freddie Hall, one of the most senior members of the regioo's police force, said yesterday.

Security sources said it was believed Lance Bombardier Stephen Restorick was the 12th victim of a sniper using a highly powered weapon such as the US-made Barrett Light 50 rifle with which the Irish Repnblican Army shot many policemen and British soldiers in Northern Ireland before its 1994 ceasefire.

Skill loss feared as Irish lure workers

By John Murray Brown, in Dublin

A recruitment campaign aimed at luring Irish construction workers based in the UK back to the Republic of Ireland is raising fears of a skills shortage amoog British construction companies.

The Dublin-based Construction Industry Federation has set up a London telephone botline, backed up by advertisements in Irish newspapers, to try to meet the growing demand for skilled labour in the Irish building trade.

The industry is trying to persuade 5,000 workers to return to Ireland, where the construction sector is growing at about 6 per cent a year in response to economic growth of around 7 per cent a year since 1994.

The federation is urging Irish workers in the UK to "come bome to a job, to be oear frieods and family". It is also making a more hard-headed case: bricklayers in Dublin can earn £10.60 ($17) ao hour, compared with £7.25 in London. Plasterers enjoy a similar advantage.

Tbe Irish construction industry employs about 87,000 people – up from 74,000 four years ago. The federatioo forecasts employment of 95,000 next year – still small compared with tbe UK, where the industry employs about 1.4m people.

However, the Irish community in the UK has traditionally beeo well represented in trades such as bricklaying, scaffolding, and plastering, and there is some concern in the industry that a successful campaign by the Irish could persuade a significant oumber to return.

A spokesman for the UK Building Employers' Confederation said it believed that the Irish industry would oot easily persuade large numbers of emigrants to return.

However, the official added that even a modest success witb recruitment could create shortages at a time wben the UK construction industry is forecast to grow by about 3 per cent a year for each of the next three years.

Battle looms over Telefonica tranche

By Tom Burns in Madrid

As the offer period for the Pta600bn ($4.2bn) privatisation of Telefónica closed last night it was clear that a battle was looming over the green-shoe or over-allotment tranche in the disposal of Spain's telecoms operator.

Although the green-shoe split in global issues is normally weighted towards international institutions to stabilise the after-market, a combination of strong domestic demand and of political considerations could route the majority of the 20.5m over-allotment shares – representing 12 per cent of the total offer – towards Spain.

Such an unorthodox move could cause problems among members of the institutional syndicate who are anxious to please their clients among the international fund community.

Despite an increase from 50 per cent to 60 per cent in the share of the privatisation reserved for small domestic investors, the retail tranche was more than seven times oversubscribed. Strong oversubscription was also reported among domestic institutions which have been reserved 8 per cent of the disposal.

The problem facing the global co-ordinators of the placement – Morgan Stanley of the US and the big Spanish banks, Banco Bilbao Vizcaya, Argentaria and La Caixa – is that the momentum was gathering pace among international institutions for Telefónica shares as the book-building period approached completion.

Unusually for big issues, orders for Telefónica shares from outside Spain were made even before the international roadshows commenced two weeks ago. With the international tranche already over-subscribed, a rush of orders was expected from quality institutions just before the offer closed.

The demand from international institutions is likely to be exceptionally over-subscribed, in part because the tranche available to them has been whittled down. In order to raise the number of shares available to small Spanish investors, the international institutions' tranche was reduced from 42 per cent to 32 per cent.

But analysts said the timing of the Telefónica issue – as the Dow-Jones broke through the 7,000 level and as US funds were flushed with liquidity – had also fuelled international demand.

Mr Juan Villalonga, Telefónica chairman, has indicated he would like as much as 75 per cent of the disposal placed in Spain. He is particularly anxious to have as many shareholders as possible in order to ensure client loyalty when the Spanish telecoms market is opened to foreign operators next year.

The centre-right Popular party government is also backing a large domestic placement because the disposal of the final 21 per cent stake owned by the state is viewed as ushering in people's capitalism.

In order to lift the domestic share of the disposal to 75 per cent, the bulk of the green-shoe tranche will have to be routed towards Spain.

Apple pins hopes on new range of PCs

By Louise Kehoe in San Francisco

Apple Computer will launch a range of new Macintosh personal computers on Monday as the company struggles to reverse a steep drop in sales and heavy losses.

The success of the latest Macintosh crop is critical for Apple. Mr Gil Amelio, chairman and chief executive, has said the company would return to profitability by the fourth quarter ending in September. To achieve that goal, however, Apple must at least slow the rate at which its sales are sinking.

Revenues dropped 32 per cent in the first quarter ended in December, to $2.1bn, against $3.1bn in the same period a year earlier.

Sales growth may be too much to hope for. In its latest filing with the Securities and Exchange Commission, Apple said it expected quarterly sales to fall from year-ago periods "at least through the fourth quarter of 1997, if not longer".

With its new products, Apple is targeting market segments where it retains a strong following including publishing, education and mobile computing. It is also taking another stab at the corporate computing market.

The highlight of Monday's product introductions will be the PowerBook 3400: "the fastest notebook computer in the world", Apple claims. It is designed for use by "mobile professionals" who make elaborate multimedia presentations to customers while travelling.

However, prices for the new PowerBooks, at $4,500 to $6,500, are significantly higher than most lap-top computers.

For the publishing and corporate markets, Apple will offer new desktop computers with higher performance than current models and a lower-cost model that will sell in the US for $1,700.

Apple will also introduce a digital camera for "personal publishing". "Our objective is to continue to dominate the publishing area," where the company claims an 80 per cent market share, said Mr Marco Landi, executive vice-president.

Apple will announce new low-cost desktop computers for use in schools and a portable computer for students. The Emate 300, with built-in software, will sell to schools in the US for about $700.

Apple, however, continues to face serious problems. Yesterday the company confirmed that three senior executives who had been in charge of worldwide marketing, worldwide sales, and development of its core Power Macintosh product line, had resigned.

These departures follow the resignation earlier this week of Ms Heidi Roizen, hired last year to improve Apple's relations with software developers.

Calvin Klein in watch venture

By Alice Rawsthorn

Calvin Klein, the New York fashion house, is expanding its licensing activities into watches by forming a joint venture with SMH, the world's largest watchmaker.

The deal, which forms part of Calvin Klein's ongoing strategy of restructuring its licensing arrangements, will yield two watch collections. One will be branded as Calvin Klein, and the other as the less expensive cK Calvin Klein accessories line.

The watches, the first to be introduced by the designer, will be sold in his flagship fashion stores and cK boutiques, as well as in the department stores and jewellers that stock SMH's other products.

For SMH, best known for its Swatch watch brand, the Calvin Klein deal offers an entrée into the more expensive end of the fashion watch market. SMH's other ranges are chiefly traditional watch brands such as Tissot, Omega and Longines.

The Calvin Klein and cK watches will be made by SMH. The Swiss group is setting up a special subsidiary, called CK Watches, in which Calvin Klein will have a 10 per cent stake.

After the SMH deal, Calvin Klein is continuing the process of restructuring its licensing arrangements. In the past it tended to sell licensing rights for specific products on a country by country basis. It is now consolidating its activities by clinching long-term deals, often involving equity participation, with regional partners.

In the past two years Calvin Klein has clinched long-term deals with two Italian companies: with Fratini for jeans, everywhere but North and South America, and with Stefanel, for cK clothing outside the US.

Calvin Klein has also negotiated new retailing arrangements. Club 21, the Hong Kong-based group, is its retailing partner in Asia, except for Korea and Japan. It is now in talks with prospective retail partners in various European countries.

Kate Moss models the Calvin Klein spring collection

Colonial Mutual in $163m stake buy

By Nikki Tait in Sydney and Louise Lucas in Hong Kong

Colonial Mutual, the Australian financial services group, yesterday agreed to buy the 50 per cent stake in the Jardine-CMG Life joint venture that it does not already own from Jardine Matheson, the Hong Kong conglomerate, for US$163m.

The sale sees Colonial tighten its grip on Asia, one of the insurance sector's fastest growing markets, and allows Jardine Pacific, the trading and services arm of Jardine Matheson, to turn what has been a loss-making activity into a net one-off profit of US$130m.

Colonial is considering funding the deal through a capital raising at the time of its planned initial public offering later this year. Mr Peter Smedley, Colonial's group managing director, said that while equity raising was his preferred method, other options would be considered.

Mr Smedley said he would expect last year's results to show that a 20 per cent slice of premium income was now coming from the Asian region.

He said that while, under Jardine's accounting methods, the joint venture incurred losses, Colonial had seen a compound growth in the business over the last five years of just under 20 per cent.

Volvo sells Pripps Ringnes stake

By Greg McIvor in Stockholm

Volvo, the Swedish car and truck maker, has agreed to sell to Orkla, the Norwegian conglomerate, its 45 per cent interest in Pripps Ringnes, a beverages group jointly owned by the two companies.

The SKr4.7bn ($634m) sale is part of Volvo's ongoing strategy to sell all non-vehicle holdings and concentrate on core automotive operations. It has raised about SKr40bn from disposals since 1994, leaving it with net cash of nearly SKr20bn.

Orkla, whose interests range from food and consumer products to chemicals and media, said that taking over Pripps Ringnes would strengthen its branded products business in the Nordic region and eastern Europe.

Pripps Ringnes was formed in 1996 by the merger of Volvo-owned Pripps and Orkla-owned Ringnes. It yesterday reported annual profits up from SKr579m to SKr700m. Its net sales rose from SKr7.37bn to SKr7.5bn.

The deal pleased Orkla investors and the shares surged NKr28.50 to NKr537, a leap of more than 5 per cent. The increase also followed an improvement in Orkla's full-year profits from NKr1.9bn to NKr2.4bn – broadly in line with analysts' expectations.

Mr Sören Gyll, Volvo chief executive, said a direct sale of the Pripps Ringnes interest to Orkla had been preferred to an offer for sale linked to a public listing.

Volvo said it would make a capital gain of SKr3bn from the deal, once payment was complete in December. Its most-traded B-shares eased SKr1.50 to SKr179.

Mr Björn Naess, Orkla chief financial officer, said the purchase would be financed mainly by debt, and also from internal cash flow. He said the consolidation of Pripps Ringnes within Orkla would bolster the development of the unit's key Norwegian, Swedish and east European markets.

Pripps Ringnes holds a 50 per cent stake in Baltic Beverages Holding, a joint venture with Hartwell, the Finnish brewers. Operations are centred on Russia, where it has built a 15 per cent share of the beer market.

In Sweden and Norway, Pripps Ringnes controls between 41 per cent and 80 per cent of the mineral water, beer and soft drinks markets. However, one-third of total volume will be lost in 1977 and 1988 when the company's licence to produce, distribute and market Coca-Cola products in the region expires. Pripps Ringnes's strategy is to develop its own brands in an attempt to plug the gap.

Renault warns of deeper losses

By David Owen in Paris

Renault, the French automotive group, yesterday warned that 1996 results would be even worse than expected.

The company said the full-year operating loss it will report next month would be "considerably higher than that generally anticipated by the financial markets".

It said its new commercial policy launched last October, which seeks to offer customers better value for money, had not lifted market share as much as targeted.

The shares lost ground sharply on the virtually static Paris market, falling FFr7.50, or 5.8 per cent, to FFr122.50.

The consensus among analysts was that the operating loss in Renault's car division would now be about FFr3bn ($537m), up from closer to FFr2bn previously expected. The overall operating loss was likely to exceed FFr2bn.

The operating loss for the first half, reported last September, was FFr225m, against operating income of FFr1.52bn in the first half of 1995. The first-half 1996 figure broke down into a FFr911m operating loss at the car division, offset by operating profits of FFr26m from commercial vehicles and FFr660m from finance.

Market conditions at the start of the new year have been testing: January new car sales in France fell by a third from year-earlier levels, in a trend linked to the ending of government purchase incentives.

The company said 1996 revenues were stable at FFr184.1bn. The bulk of this was generated by the car division, with revenues ahead 2.3 per cent to FFr146bn.

Revenues from commercial vehicles fell 9.5 per cent to FFr30bn, and from the finance unit by 4.9 per cent to FFr8.1bn.

It attributed the downturn in commercial vehicles primarily to a steep drop in US billings and to price wars.

Dailywin warns of dividend cut

By David Blackwell

Shares in Dailywin Group fell 34 per cent yesterday as the Hong Kong-based watch-maker warned of lower second-half profits and a dividend cut.

The shares closed in London at 58½p – less than half the 128p flotation price in March 1995.

Yesterday's trading statement said that several customers which had placed firm orders for delivery in the first quarter had asked to defer delivery until the next financial year, starting in April. Consequently profits in the second half would be below those achieved at the interim stage.

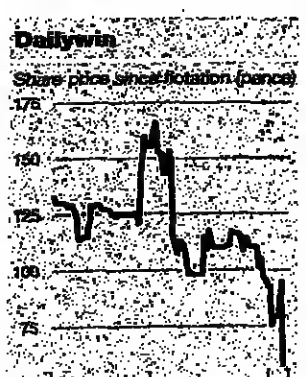
The final dividend was not expected to be less than 1p a share, which would give a total for the year to March 31 of not less than 4p. Last year the total payment was 7.5p.

In December the group reported an 18 per cent fall in interim profits to £1m, blaming competition in the world watch market. But Mr Eddie Leung, chairman, said he was hopeful of a second-half recovery after operational improvements.

Earlier this month Timex, which now has a 5.78 per cent stake, took up an option on 100,000 shares at 128p, a 61 per cent premium to the price. This was part of an option on 2.25m shares at the same price, which has been extended for 18 months.

Dailywin makes watches sold under several brand names, including Sekonda, Accurist and Casio, and has the world rights for Timex watch movements.

It had difficulties coming to market in 1995, postponing its impact day twice before the actual flotation. A year later it warned of disappointing sales, knocking the shares back to 117p.



Contract delays hit Cedardata

By Paul Taylor

Cedardata, which supplies financial, accounting and commercial computer software, yesterday warned of sharply lower annual profits, blaming the Private Finance Initiative for delays to a number of public-sector contracts.

The UK company, where sales have traditionally been weighted towards the second half, warned that results for the year to March 31 were likely to be "considerably below market expectations".

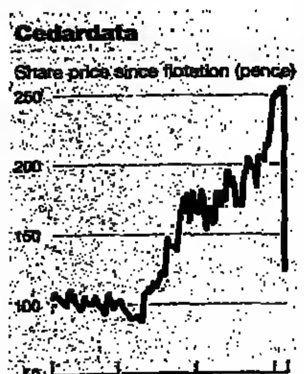
Following the statement, and a sharply downgraded full-year forecast from Greig Middleton, the house broker, the shares lost 139p to close at 262½p.

Greig Middleton, which had pencilled in pre-tax profits of £5.2m and earnings of 11.5p, cut its forecast to £1m or 2.1p a share. Last year Cedardata reported pre-tax profits of £4.4m and paid a total dividend of 4p.

Cedardata said the PFI had introduced a new level of "red tape" and meant contracts normally signed in the final quarter of its financial year had been delayed. The company, which had expected to receive contracts worth about £5m in the quarter, had booked only £600,000 of sales.

The company also said that pricing in the National Health Service, one of its main markets, had become more competitive. Profitability had also been hit by an increase in overheads as the group had taken on extra staff to cope with expected new business.

Despite the gloomy profits outlook, analysts privately suggested that the company was being "overly pessimistic" in order to ensure that it did not have to issue another profits warning.



Poor profits and poison hit Arnotts

By Nikki Tait in Sydney

Arnotts, the Australian biscuit and snacks company 70 per cent owned by Campbell Soup of the US, suffered a double blow yesterday: a threat of poison forcing it to recall all branded products from supermarkets in two states, and an announcement that first-half profits had slumped 78 per cent.

The recall affects New South Wales and Queensland. News of the threat came on Thursday.

The threatening letter claimed that a Mr Ronald Thomas, convicted of the murder of a Sydney bookmaker and his girlfriend on the Gold Coast in 1991, was innocent. It demanded that police officers take lie detector tests or the poisoned biscuits would be distributed.

The company suspended its shares after announcing the recall. They later closed 25 cents down at A$8.50.

Mr Chris Roberts, Arnotts managing director, said the cost could run into "millions of dollars" but declined to be more specific.

The biscuit company revealed that after-tax profits in the six months to January 24 were just A$8.5m (US$6.5m), compared with A$38.7m in the first half of 1995–96.

On a like-for-like basis, sales were 1.4 per cent higher, at A$343.5m.

The profits fall was partly due to a A$24.7m abnormal charge for restructuring. Even before abnormals, profits were 14.2 per cent lower at A$33.2m.

INTERNATIONAL NEWS DIGEST

RTZ at impasse in talks on mine

RTZ-CRA, the London-based mining group, has failed to reach a negotiated settlement with local Aboriginal groups in northern Queensland, which would have allowed the Century mine development to go ahead, worth A$1.1bn (US$844m) and potentially the world's largest zinc mine.

Under the negotiation processes set down in Australia's controversial native title legislation, the various parties had until midnight on Thursday to strike a deal, after which the matter would go to arbitration. But day-long meetings between Aboriginal claimants, RTZ-CRA and the Queensland state government's negotiating team failed to secure signatures from the majority of the claimants' representatives. The mining company was thought to be offering a compensation package worth about A$60m.

RTZ-CRA made no immediate comment on the lack of agreement, while the Aboriginal claimants were due to reconvene today. RTZ-CRA has agreed to sell the mine to Pasminco, the Australian base metals group and Century's biggest potential customer, for A$345m. But the sale depends on native title issues being resolved.

Nikki Tait, Sydney

SE-Banken profits leap 86%

Skandinaviska Enskilda Banken, the Swedish bank, reported an 86 per cent leap in full-year profits, driven by declining loan losses. Pre-tax profits increased from SKr2.5bn to SKr4.7bn ($634m), while revenues rose 4 per cent to SKr17.6bn.

The improvement was largely due to a SKr2.7bn loss in 1995 linked to a failed financial investment group. Operating profits before lending losses fell from SKr7.5bn to SKr7.2bn. Mr Björn Svedberg, chief executive, said the bank was not seeking a partner following its recent withdrawal from merger negotiations with Nordbanken, its state-owned Swedish rival.

Greg McIvor, Stockholm

Skandia prepares to list AFS

Skandia, Sweden's biggest insurer, is to improve accounting transparency at its international AFS life and savings unit to prepare it for flotation in two to three years' time, Mr Jan Carendi, managing director of the AFS division, said the aim was to publish separate accounts for AFS. In the event of a flotation, he favoured listing in New York rather than in Stockholm. A large proportion of AFS's operations are in the US. Skandia said it may list AFS within two or three years.

Greg McIvor

Dresdner rating under review

Dresdner Bank, Germany's second-largest bank, has been put on review by Moody's Investors Services, the international rating agency, for possible downgrading of its triple-A senior debt rating. Moody's said the review was based on the "changing dynamics" of German banking: tighter competition, narrower lending yields, flatter loan demand and higher funding costs.

Dresdner said it took a similar view of the competitive situation, but saw more opportunities than risks. It expressed surprise at the timing of Moody's decision, since its preliminary results for 1996 will be announced on Thursday.

Moody's has already downgraded Deutsche Bank, the biggest German bank, to Aa1, thus further reducing the small number of banks with triple-A ratings.

Andrew Fisher, Frankfurt

Energy boosts Viag profits

Viag, the Munich-based industrial group, yesterday said operating income increased from DM2.1bn to DM2.4bn ($1.4bn) in 1996. The rise was driven primarily by the group's energy division but also by Schmalbach-Lubeca, its packaging operation.

Viag predicted sales would continue to advance this year and that, in spite of "unavoidable start-up losses" in its new telecommunications activities, the group would produce "strong earnings". Viag and its partner, British Telecommunications, were earlier this month awarded Germany's fourth mobile digital telephone licence.

Ralph Atkins, Bonn

Axa-UAP revenues at FFr331bn

Axa-UAP, the French insurer, said 1996 consolidated revenues on a pro-forma basis totalled FFr331.3bn ($58.2bn). The company, which was the result of a merger between Axa and UAP in late 1996, said Axa consolidated revenues rose 28.1 per cent, mainly due to the full-year consolidation of National Mutual, the Australian life office; while UAP revenues fell 2.9 per cent, largely because of the break-up of reinsurer Scor and of two German subsidiaries.

AP-DJ, Paris

HK media group slips

South China Morning Post (Holdings), publisher of Hong Kong's leading English language daily, yesterday reported an 11.12 per cent drop in interim net profits to HK$379.35m (US$48.9m).

Stripping out the exceptional gain in 1995 of $180.99m from the sale of the company's old headquarters, profits were up 54.3 per cent, the company said. Of this growth, 32 percentage points were attributable to newspaper operations, and 22.3 percentage points to TVE, a property and media group SCMP bought last year.

Louise Lucas, Hong Kong

J Fairfax down at half-year

John Fairfax, the Australian newspaper publisher, reported a fall in after-tax profits to A$47m ($36m) in the six months to end-December, because of higher interest and depreciation charges. This compared with A$62.4m in the same period a year earlier.

Sales in the period were slightly lower at A$511.6m, compared with A$514.4m a year earlier. Higher advertising yields were offset by lower advertising volumes. Interest charges were A$35.4m, up from A$20.3m, and depreciation charges were A$31.8m, up from A$19.7m. Earnings per share were 5.9 cents, down from 7.84 cents previously.

Nikki Tait

Warning of increased pressure from 'fleet of foot' competitors like Tesco, Virgin and M&S

Lloyds TSB surges 52% to £2.51bn

By George Graham, Banking Correspondent

Lloyds TSB, the largest UK retail banking group, warned yesterday that it faced increased pressure on margins from new competitors such as Tesco and Virgin, as it reported a sharp rise in pre-tax profits to £2.51bn. This was 52 per cent ahead of the £1.65bn last time.

But Mr Peter Ellwood, the group's new chief executive, said he believed Lloyds TSB could continue to do larger volumes of business with its customers.

"The secret for the future is to make sure that volume continues to grow. We can control the volume much more than we can control the margin, because the likes of Tesco, Virgin and Marks and Spencer will focus on single products and bring down margins," he said.

"They frighten me more than the bigger traditional banks because they have got super brands and they are fleet of foot," Mr Ellwood added.

Last year, in its first full 12 months since Lloyds Bank, TSB and Cheltenham & Gloucester came together to form the present group, Lloyds TSB delivered a post-tax return on equity of 33 per cent.

Comparisons are difficnlt because of a £425m restructuring provision taken in 1995 to cover the costs of merging Lloyds with TSB, and a further £75m charge in 1996 for the costs of integrating Lloyds Abbey Life.

Excluding these charges, pre-tax profit from ongoing businesses rose 36 per cent to £2.49bn.

Despite a drop in net interest margin from 3.34 to 3.21 per cent, net interest income rose 11 per cent to £3.84bn, with other income rising 4 per cent to £2.86bn. Operating expenses, however, totalled £3.78bn, a drop of 3 per cent from 1995 if the costs of restructuring at Cheltenham & Gloucester are excluded.

Specific charges for bad debts fell from £459m, or 0.6 per cent of average lending, to £357m, or 0.4 per cent of average lending.

At the end of the year Lloyds TSB held a total of £2.55bn of provisions to meet possible future loan losses, but non-performing loans amounted to only £2.51bn, or 2.8 per cent of total lending.

"The quality of assets has improved. In a group this size, to take provisions down from 60 basis points to 40 basis points of lending is quite a feat," Mr Ellwood said.

Sir Brian Pitman, Mr Ellwood's predecessor as chief executive and now group chairman, said banks were helped by continuing low inflation and their shares should now trade at a higher multiple of earnings than in the past.

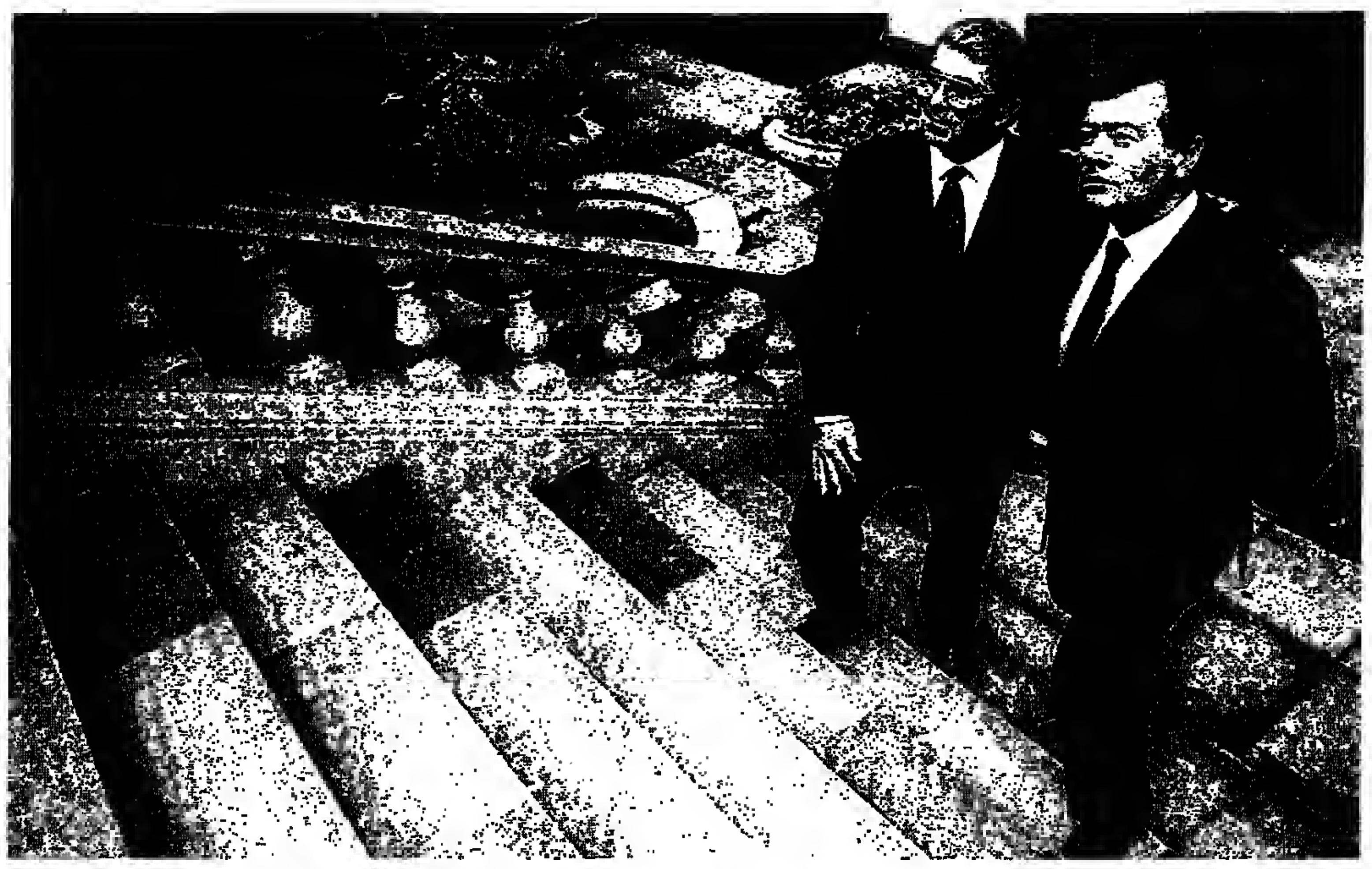
But he dismissed suggestions that the banks' current levels of profitability ought to put them in the firing line for the Labour Party's proposed windfall tax.

"No windfall, no tax," he said.

Earnings per share from ongoing businesses rose from 21.3p to 31.3p, and board is recommending a final dividend of 9p, making 13.2p for the year.

Williams makes agreed bid for Chubb

By Jane Martinson



Brendan Corr

Stepping up: Sir Nigel Rudd, Williams chairman (pictured, right, with Roger Carr) was sanguine about the market reaction to the Chubb bid

Shares In Williams, the diversified industrial group, fell 11 per cent yesterday as it unveiled a £1.26bn recommended cash and shares offer for Chubb Security, the alarms and locks group.

Analysts said the 37½p share price fall to 300¼p reflected donbts over the price paid, disappointment over the share issue and surprise over an apparent reversal of a strategy which eschewed large acquisitions.

One broker said: "There are some very large institutions which are furious about this deal." Another said that, although the merger was a good strategic fit, it was "perceived as a complete volte-face".

The groop's largest takeover to date will make it the biggest manufacturer of fire protection and security equipment in the world.

Chubb's shares rose 4½p to 424½p. The offer of two new Williams' shares and 704.12p in cash for every three Chubb shares values each one at 435p, below the 450p originally agreed.

The merger is likely to need clearance from the Office of Fair Trading as it combines two of the largest manufacturers of locks and fire protection equipment in the UK. Their combined share of the UK locks market was estimated st more than 70 per cent in 1994.

Sir Nigel Rudd, Williams' chairman, was sanguine about the market reaction and the competition issues. "I am not concerned about the first day's reaction or the first month's reaction," he said. "Talk to us in four or five months' time."

He described the effect on the market as "an issue but not an insurmountable problem". He added: "We are very confident that we will be able to reach a very fair and reasonable agreement with the OFT."

Analysts suggested that the group would need to give up some brands or companies to comply with the competition authorities.

A central argument will be the increasingly global nature of the consolidating security market. Mr Roger Carr, Williams chief executive, said: "It isn't possible to look at England and say: 'We know Chubb and Yale, that must be dominant,' It isn't like that any more."

Williams said that the combined total UK lock businesses of the wo groups totalled some £100m, out of an estimated total of £2.7bn a year in 1996.

Sir Nigel described the deal as "a milestone in the development of Williams" which "underlined its strategic focus". The group is planning to drop "Holdings" from its name. The deal will be "modestly" earnings-diluting in the first year with "significant" enhancement in two years' time.

Cost savings, performance improvements and profits on additional sales are expected to contribute £40m a year by the end of 1998. Reorganisation costs will be £30m.

Chubb's directors will be leaving the group after the merger is completed.

Sir Ernest Harrison, Chnbb's chairman, who thwarted Williams' in its 1991 bid for the company, is set to gain about £7.4m from his 1.7m shares. Williams said yesterday that they would honour any contract and share option obligations of the other directors.

The cash half of the deal will be financed from debt, leaving borrowings at £910m and interest cover at almost six times.

Williams forecast that profits before tax and exceptionals would rise 11 per cent to £243m in 1996, in line with expectations. The disposal of its electronics and UK building products businesses will contribute an exceptional profit of £97m.

It expects to recommend a final dividend of 9.25p giving a total of 15.05p, up 5.6 per cent.

Chubb was advised by Rothschilds and Goldman Sachs; Williams by Schroders.

Asda gets the hard shoulder

But it may plan to make service stations a more Welcome Break

Asda has a habit of defying the sceptics, but this time the revived supermarket group may find the task a bit more difficult. Investors appear unimpressed by it bidding £400m for Welcome Break, the motorway service areas being auctioned by Granada.

Mr Tony MacNeary, NatWest analyst, argued yesterday that such a deal would destroy shareholder value.

"If Asda pays £400m for £35m in operating profits," NatWest says, "the deal would be earnings neutral." And after one year, even on the most optimistic assumptions, Asda would at best get a return on investment of some 10 per cent – 6 percentage points lower than its publicly stated returns for new superstore investment. "Overall, given the potential for Asda to destroy shareholder value through this deal, we remain very weak holders," the broker argues.

The basic problem is that investors do not see where Asda can add value to the 21 motorway service areas. Tesco, the UK's leading food retailer, is underatood to have come to that conclusion several months ago.

Evan if Asda disagrees with Tesco, putting its 50,000 sq ft hypermarkets on the service areas is out of the question. The Department of Transport said yesterday the threat of congestion meant the areas could not become destinations in their own right. "They are strictly to be en route facilities," the DoT said. Nor would Asda be allowed to introdnce access roads to ease the congestion.

But Asda still has its believers. The management team that transformed a business on the verge of collapse into one of Britain's largest food retailers cannot be bidding lightly, say some analysts. "They must have s plan up their sleeves," said one, "and I will be fascinated to see what they will be doing."

Certainly, finance will not be a problem. Gearing is forecast to be 18 per cent by the end of April. The acquisition would increase this to about 35-40 per cent – not onerous for a highly cash generative business.

There are others who believe Asda may be positioning itself to exploit an undiscovered niche. "Perhaps motorway service areas are under-exploited retail opportunities," says Mr Robert Clark of analysts Corporate Intelligence on Retailing. "They are always busy and trade 24 hours a day."

'Perhaps motorway service areas are under-exploited retail opportunities. They are always busy and trade 24 hours a day'

Motorway service areas used to be places of last resort where drivers stopped for petrol and to go to the toilet. But they have become big retail businesses in their own right with chemists, foreign exchange bureaux, shops, cafés and even amusement arcades. Increasing the variety of services and attracting well-known brands – such as Burger King on Granada's sites – encourages people to spend more.

"People think they may become the shopping malls of the future," said one leisure analyst. "If you can attract motorists to the site with cheap petrol, you then have a captive audience." Granada's motorway service areas were the most profitable part of its restaurants division last year, contributing £68.1m of profits.

So perhaps Asda plans to take advantage of the trend towards concession shopping in service areas. With the strength of its core retail chain in CDs, books, magazines housewares, clothing, not to mention food, Asda could expand the ranges on offer to motorway travellers.

Clothing could be a key reason for the bid. The company has made no secret of the fact that it hopes to overtake Burton as Britain's second largest clothing retailer with its rapidly-growing George range.

Asda yesterday would say *nothing*. But *if it does not* win, it knows it needs to signal the next stage of its growth. The recovery programme is coming to an end and higher sales growth from revamped stores will also be slowing. "The market is rightly beginning to ask questions about them strategically going forward," said one analyst.

"They need to make a decision about whether to think about handing cash back to shareholders or making an acquisition. And while I would prefer an acquisition, I am not sure Welcome Break is the right one."

Peggy Hollinger and Scheherazade Daneshkhu

Grosvenor up 25% but shares drop sharply

By David Blackwell

Shares in Grosvenor Inns, operator of the Slug and Lettuce chain, fell sharply yesterday despite a 25 per cent rise in interim pre-tax profits from £883,000 to £1.1m.

Analysts cut forecasts for the full year from £2.7m to £2.3m, mainly because capital expenditure is set to rise from £889,000 in the first half to £3.5m in the second half, but there will be no contribution to profits from new Slug and Lettuce openings.

The shares closed 17½p lower at 206p. Last month the share price rose from 168½p to 222½p in a week, but fell back after the group denied receiving any approaches that might lead to an offer.

Mr Gary Pettet, managing director, said the Slug and Lettuce chain of 15 pubs now accounted for almost 60 per cent of profits: "Slug and Lettuce is the future, and that's what we are going to concentrate on."

The group plans to open seven further outlets by the end of this year and another early in 1998. Plans are well advanced on a further 16. It has sold its three Bar Central restaurants in London for £2m to Queens Ice, a new leisure company.

Sales in the six months to November 30 were 36 per cent higher at £11.8m (£8.7m).

Earnings rose from 4.87p to 5.69p, from which an interim dividend of 3.025p (2.75p) will be paid.

Administrators at Anglo Corporation

By Paul Taylor

Administrators were appointed yesterday to Anglo Corporation, the private computer retail group which trades under the Silica name and is run by Mr David Gosling, the son of Sir Donald Gosling, co-founder of National Parking Corporation.

Mr Tim Harris and Mr Chris Hughes of Coopers & Lybrand were appointed administrators to the Woking-based group which operates 36 stores and employs 300 people. The administrators blamed "poor trading" for the company's decision to seek protection from its creditors. Anglo is thought to owe about £5m.

Mr Gosling and his business partner, Mr Stuart Tidy, began building their computer retail chain two years ago by injecting money into Silica Systems, an ailing 15-year-old business with stores in London's Tottenham Court Road and outlets in several branches of the Debenhams department store chain.

In September Anglo scquired 19 former Escom high street stores from Deloitte Touche. Anglo had negotiated with Escom UK's receiver for a number of weeks and was able to pick the best Escom sites in time for the pre-Christmas sales rush.

While pre-Christmas PC sales in the UK were much stronger than in many other parts of Europe, they failed to meet retailers' expectations.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Birse	6 mths to Oct 31	229.2	(202.3)	1.22	(0.335)	0.5	(0.1)	0.2	May 2	nil	-	nil
Brown & Jackson	8 mths to Dec 31	111.4	(98.4)	5.7	(4.5)	4.6	(4.9)	-	-	-	-	-
Electrophoretics	Yr to Dec 31	-	(-)	1.59L	(1.39L⧗)	2.43L†	(2.45L)	-	-	-	-	-
Flying Flowers	Yr to Jan 3	35.3	(26.1)	3.92	(2.64)	14.65	(10.65)	2.72	Apr 11	2.16	4.08	3.24
Grosvenor Inns	6 mths to Nov 30	11.83	(8.68)	1.1	(0.883)	5.69	(4.87)	3.025	Mar 27	2.75	-	5.8
Lloyds TSB	Yr to Dec 31	6,749*	(6,280*)	2,505♠	(1,650♥)	31.2	(19.2)	9	May 1	7.8	13.2	11.811#
Reflex ♣	Yr to Dec 31	3	(2.1)	0.052♥	(1.03L♠)	0.14	(3.7L)	nil	-	nil	nil	nil

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Baring Tribune	Yr to Dec 31	465.2	(433)	4.6	(3.33)	8.98	(6.49)	5.8	April 14	5.5	7.8	7.2
Pantheon Intl Part	6 mths to Dec 31	322.2	(278.6)	1.11	(0.482)	1.26	(1.42)	-	-	-	-	0.5★
Throgmorton	Yr to Nov 30	90	(83.9)	6.52	(7.83)	2.12	(2.55)	1.4	Mar 28	1.4	2.3	2.3

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. φAim stock. *Total income. #Excludes special of 68.3p. ★Excludes special of 1.5p. ⧗60 wks to Dec 31. ♣Irish currency

NEWS DIGEST

Eurotunnel fire cut sales £52m

The fire in its tunnel cost Eurotunnel at least £52m in sales, figures revealed by the company suggested yesterday.

Turnover in the final quarter fell by £52m from £138.4m in the preceding quarter to £85.9m and by £27m from £112.8m in the final 1995 quarter. However, despite the end of year setback, turnover for 1996 as a whole was £448m, in line with forecasts of £450m made before the fire.

The turnover numbers do not include insurance payments for operational losses which Eurotunnel puts at £34m. Repair work aimed at reopening the damaged section of the tunnel is on target and Eurotunnel expects to meet its deadline of May to resume a full service of Eurostar trains, long distance freight, passenger and freight shuttles.

Freight shuttles are currently suspended while an investigation is carried out into the causes of the fire, but Eurotunnel has said it hopes to resume a limited freight shuttle service in April. *Charles Batchelor*

Hostile bid for Pilot

Undervalued Assets Trust, run by Mr Colin Maclean, the high profile fund manager, yesterday launched a £46.7m hostile bid for Pilot Investment Trust. Pilot, a smaller companies trust with a poor performance track record, said it had "no hesitation" in rejecting the bid.

Pilot's shareholders are unlikely to accept the bid as it stands, according to analysts, one of whom dubbed it a "cheeky sighting shot". Other bidders could now come into the frame and Pilot may be forced to offer shareholders a cash exit by partially or wholly liquidating the trust, currently trading at a wide 15 per cent discount to its assets.

The offer is unusual, being both all-paper and valuing the shares, at 122.5p each, at much less than their 141.5p asset value. Neither aspect is likely to appeal to shareholders. There is also a £1.15m cash offer for the Pilot warrants. *Jean Eaglesham*

GKN ruling deferred

A US federal judge yesterday deferred ruling on a $740m (£457m) damages claim against GKN, the UK engineering group.

Judge Robert Potter, sitting in the western district court of North Carolina, is expected to enter a judgment early next week on the level of damages against GKN and Meineke Discount Mufflers, its specialist exhaust retailer.

A jury last December awarded £196.9m in compensation and $150m in punitive damages to Meineke franchisees, who claimed GKN and its subsidiary had defranded them of payments that should have been used for advertising campaigns.

During 90 minutes of legal argument yesterday, lawyers acting for the franchisees asked Judge Potter to treble the compensatory element of those damages, taking the total to $740m. GKN pressed for a greatly reduced award, and vowed to appeal. *Tim Burt*

Moody's downgrades BT

Moody's Investors Service, the US credit rating agency, yesterday downgraded British Telecommunications' Aaa rating to Aa1, citing concern over the implications of BT's planned merger with MCI. The agency also said it would continue the review process, possibly leading to further downgrades.

The debt affected by the downgrade amounts to the equivalent of $6.6bn (£4bn). Although a rating of Aa1 denotes high quality debt, the loss of the Aaa status - the highest possible rating - could lead to an increase in BT's cost of borrowing. *Samer Iskandar*

FT index changes

Centrica, the domestic gas supply business of British Gas, last night replaced Williams Holdings as a constituent of the FTSE 100 index as British Gas completed its demerger. British Gas, renamed BG, will remain a constituent of the FTSE 100 and also the FT 30 Index. Following a review of FT 30 constituents, Lloyds TSB has taken the plsce of BICC in that index, with effect from last night. Granada will take the place of Hanson, which completes its demerger this month, after the close of business on February 21.

E&O Properties warns

English & Overseas Properties has warned that a property valuation is likely to result in further write-downs this year and consequently that a final dividend will not be paid.

The company said it anticipated the net asset valne per share as at December 31 would fall to about 24p (31p at June 1996). The write-downs stem from problems with two office buildings at Rickmansworth and Smithfield developed at tha height of the property boom in 1989, and from sites In Ashford, Kent, adversely affected by the delays to the fast rail-link. The shares fell 3p to 17½p.

Flying Flowers expands 49%

A buoyant Christmas for Flying Flowers, when the Jersey-based mail order and retail services group shipped more than 300,000 orders, helped annual pre-tax profits grow by 49 per cent from £2.64m to £3.92m.

Sales rose 35 per cent to £35.3m for the 53 weeks to January 3. Mr Walter Goldsmith, chairman, said the Flying Flowera mail order business had an "excellent year" and continued to enjoy rapid growth in its database.

House broker Beeson Gregory forecasts profits of £5.1m for the current year and earnings per share of 17.1p, giving a prospective p/e of 12.9, on yesterday's share price of 220p – up 4½p on the day. *Gary Evans*

Ashurst in US deal

Ashurst Technology yesterday signed a commercialisation contract with Easton Sports of the US to manufacture and market baseball and softball bats using Ashurst's proprietary aluminium-scandium alloys.

Ashurst's shares rose by 29½p to 95p yesterday.

Dry weather hits Fieldens

Fieldens, the farm tyre and wheel supplier which came to Aim last year, warned that interim results for the year to December 30 were likely to show a loss.

The shares fell 13p yesterday to 52½p. Pre-tax profits for the year to June 30 1996 were £328,997 on sales of £8.16m.

Mr John Fielden, chairman, said the difficult trading conditions had been caused by dry weather, an over supply of tractor tyres and a general lack of confidence caused by the BSE crisis.

Huntingdon to raise £5.64m

Huntingdon International Holdings is placing 5.42m ordinary shares with investors at 106p each, through Kleinwort Benson Securities, which will increase its share capital by 5 per cent. The placing will raise a net £5.64m.

Electrophoretics £4m placing

Electrophoretics, the protein mapping and diagnostic research company, has announced a placing and open offer to raise £4.1m, while announcing pre-tax losses for the year up from £1.39m to £1.59m in line with budget. The shares rose 5p yesterday to 48½p.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Oil ends with small gains

By Robert Corzine and Susanna Voyle

Cruda oil prices made modest gains yesterday after the sharp sell-off earlier in the week. The price of Brent Blend for April delivery, the global benchmark, was quoted at around $20.47 a barrel in late trading on London's International Petroleum Exchange. That compares with its close on Thursday of $20.38 a barrel. Oil prices have fallan 10 per cent over tha past two weeks.

Strikes by oil workers in Venezuela and Colombia helped to steady markets yesterday. Bnt the factors behind the downward pressure on oil prices earlier in the week continue to be a force in the markets. Traders are closely watching supply figures to see whether a surge of new output from both Opac and non-Opec countries materialises. The second half of February marks the final phase of the northern hemisphere winter, and is traditionally a time of declining demand.

Figures published yesterday by the Opec secretariat in Vienna showed that the group's output in January climbed to 25.38m barrels a day, against 24.91m b/d in December and a much-ignored production ceiling of 25.03m b/d.

Gold ended the week steady, after a mixed week. The price was "fixed" yesterday afternoon at $342.40, 25 cents lower than the previous day.

The price rosa a little in late trading to end the day at $343.30. Dealers said the market was subdued ahead of Monday's public boliday in the US.

Thursday had seen a mini rally on the London Bullion Market after a sharp fall in prices on Wednesday.

The London price for gold fell to a near four-year low – below $337 a troy ounce – on Wednesday, before recovering slightly to "fix" at $337.70.

Dealers were quick to blame the fall on more fears of central bank selling.

However, the market rallied on Thursday, with gold rising to $342.65 at the afternoon fix – to the market.

Analysts at GNI yesterday said that the market was consolidating and had "definitely been attempting a move higher in the past couple of days".

"The action is apparently encouraged by strong physical buying in Asia," they said. But they predicted that the rally would run out of steam next week unless there is more bullish fundamental evidence.

Coffee prices on the London International Financial Futures Exchange yesterday were held back from continuing their recent rally by apparent nervousness on the New York markets.

The price for a tonne of coffee for May delivery ended the day up $15 at $1,675 – having reached $1,705 earlier in the day.

On New York's Coffee Sugar and Cocoa Exchange, prices were mixed in early roller-coaster trading. Near midday the price for March delivery was was down 30 cents to $179.75 a pound, well short of recent highs around $182.50.

Base metals prices veered lower yesterday in slow trading on the London Metal Exchange. Copper was bit by profit-taking after its rally on Thursday – as was zinc after the previous days' run-up to new two-year highs.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-9,975	to 915,675
Aluminium alloy	-100	to 73,160
Copper	+3,250	to 221,725
Lead	-250	to 110,650
Nickel	+720	to 45,894
Zinc	-1,225	to 475,800
Tin	-156	to 9,850

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1996/97 High	1996/97 Low
Gold per troy oz.	$345.85	+5.50	n/a	$415.40	$340.35
Silver per troy oz	316.85p	+13.95	n/a	383.90p	267.90p
Aluminium 99.7% (cash)	$1531	-57	n/a	$1676	$1294.5
Copper Grade A (cash)	$2349.0	-123.5	n/a	$2810	$1863.5
Lead (cash)	$651.0	-19.0	n/a	$827.5	$651
Nickel (cash)	$7655	-125	n/a	$8625	$6185
Zinc SHG (cash)	$1185	+14.0	n/a	$1185	$988.5
Tin (cash)	$5930	+90	n/a	$6590	$5890
Cocoa Futures Mar	£852	-13	n/a	£1179	£851
Coffee Futures Mar	£1652	+112	n/a	£2805	£1232
Sugar (LDP Raw)	$262.50	+0.50	n/a	$330.70	$256.30
Barley Futures Mar	£93.00	+0.25	n/a	£127.50	£90.25
Wheat Futures Mar	£93.30	+1.10	n/a	£134.10	£91.50
Cotton Outlook A Index	79.90c	-0.75	n/a	87.65c	74.05c
Wool (64s Super)	400p	+5	n/a	452p	387p
Oil (Brent Blend)	$20.705x	-1.035	n/a	$25.16	$16.90

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Mar.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1530.5-1.5	1563-3.5
Previous	1543-44	1575-76
High/low	1534/1533	1577/1563
AM Official	1533-3.5	1564-5
Kerb close		1563-4
Open int.	255,135	
Total daily turnover	69,750	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1440-50	1470-5
Previous	1460-65	1488-90
High/low	1450	1490/1475
AM Official	1448-50	1477-80
Kerb close		1470-5
Open int.	5,541	
Total daily turnover	575	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	650.5-1.5	658.5-9.0
Previous	651-52	657-58
High/low		661/655
AM Official	652-3	659-9.5
Kerb close		655-6
Open int.	40,512	
Total daily turnover	9,625	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7650-60	7740-45
Previous	7820-30	7910-15
High/low		7870/7710
AM Official	7645-55	7730-40
Kerb close		7730-40
Open int.	50,878	
Total daily turnover	6,698	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5925-35	5975-80
Previous	5880-85	5938-40
High/low	5950	6020/5925
AM Official	5955-60	6009-11
Kerb close		5970-75
Open int.	15,497	
Total daily turnover	5,526	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1184.5-6.5	1207-9
Previous	1201-02	1223-24
High/low		1224/1206
AM Official	1192-3	1213-4
Kerb close		1209-10
Open int.	88,603	
Total daily turnover	17,411	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2346-51	2257-8
Previous	2385-90	2282-83
High/low	2387/2365	2277/2252
AM Official	2366-7	2270-1
Kerb close		2257-8
Open int.	144,178	
Total daily turnover	39,873	

■ LME AM Official £/$ rate: 1.6213

■ HIGH GRADE COPPER (COMEX)

	Latest price	Day's change	High	Low	Vol	Open int
Feb	108.30	+0.15	108.30	107.00	463	1,870
Mar	107.70	-0.35	108.20	106.50	8,633	23,039
Apr	105.90	-0.05	105.60	105.60	108	1,779
May	104.50	+0.05	104.60	103.50	2,499	8,920
Jun	103.60	+0.10	102.00	102.00	90	864
Jul	102.70	+0.15	102.90	101.75	201	4,718
Total					12,471	54,098

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	345.80-346.00		
Opening	342.80-343.00		
Morning fix	342.50	211.524	499.810
Afternoon fix	342.40	210.811	499.459
Day's High	345.80-346.10		
Day's Low	342.80-343.00		
Previous close	342.00-342.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.70	6 months	4.01
2 months	3.83	12 months	4.02
3 months	3.91		

Silver Fix	p/troy oz.	US cts equiv.
Spot	316.85	514.25
3 months	321.30	520.35
6 months	325.80	526.85
1 year	335.25	539.55

Gold Coins	$ price	£ equiv.
Krugerrand	352-355	217-219
Maple Leaf	-	
New Sovereign	81-84	50-52

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

Feb	1515	-5	1530	1515	25	337
Mar	1580	-14	1595	1575	81	618
Apr	1575	-12	1585	1570	62	1,213
Jul	1295	-20	1315	1315	20	622
Oct	1406	-20	1415	1415	13	213
Jan	1416	-20	1420	1420	10	49
Total					150	3,053

	Close	Prev
BFI	1460	1450

FUTURES DATA
All futures data supplied by CMS.

Wool
There are still conflicting wool price tendencies in the Australian and New Zealand markets. Just at present Australia is tending dearer, with the main Eastern Market Indicator up 16 cents in the week to close at 608. New Zealand prices eased at this week's sale, however with the main indicator down 6 cents to 439. Clearance at auctions in both the leading world primary markets also vary considerably. Whereas 40% of the 14,000 bale New Zealand offering failed to meet growers' reserves, only 7% of the 23,600 bale Australian offerong was passed in. Currency variations continue to make normal trading difficult, with sterling strength keeping British exporters of wool textiles unable to match overseas competition.

■ ORANGE JUICE NYCE (15,000lbs: cents/lbs)

Mar	78.50	+1.80	79.50	76.80	2,597	9,562
May	81.35	+1.30	82.35	80.10	3,440	9,493
Jul	84.65	+1.30	85.40	83.50	272	3,634
Sep	87.45	+1.20	87.90	86.50	705	2,863
Nov	89.55	+1.30	89.80	89.00	114	605
Jan	91.55	+1.25	91.00	90.50	34	252
Total					6,988	26,592

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Feb 14	Feb 13	month ago	year ago
1977.4	1971.4	1924.2	2142.2

■ CRB Futures (Base: 1967 = 100)

Feb 13	Feb 12	month ago	year ago
237.97	237.97		

■ GSCI Spot (Base: 1970 = 100)

Feb 13	Feb 12	month ago	year ago
192.39	192.83	214.89	195.33

WORLD BOND PRICES

MARKETS REPORT

By Lisa Branstan in New York and Samer Iskandar in London

US Treasury pricas continued their rally yesterday as figures on industrial production and wholesale prices came in weaker than many economists expected.

Near midday, the new benchmark 30-year Treasuries, which were auctioned on Thursday, were $\frac{5}{16}$ stronger at $101\frac{1}{32}$ to yield 6.541 per cent. At the short end of the maturity spectrum, the two-year note added $\frac{1}{16}$ at $100\frac{5}{32}$, yielding 5.770 per cent. The March 30-year bond contract was $\frac{11}{32}$ stronger at $113\frac{13}{32}$.

Bonds leapt immediately after the labour department said tha producer price index fell 0.3 per cent in January, in contrast with expectations of a 0.2 per cent rise.

But the market, which had made strong gains late on Thursday in spite of weak demand at the auction, soon retraced some of its gains.

Also supportive for the market was a report from the Federal Reserve showing that industrial prodnction was unchanged in January, while capacity utilisation slipped to 83.3 per cent from 83.5 per cent in December.

Bullishness in the US market spilled into Europe, where most markets closed between ¼ and ½ higher. On Liffe, the March future on German bunds settled at 103.61, up 0.42, after reaching a record high of 103.83 during the session.

Other European markets tracked bunds closely, except the UK. On Liffe, the March long gilt future erased early gains to close at 113¾, up $\frac{1}{16}$, but well off the day's high of 113⅞. Traders put this down to election timing uncertainty. In the cash market, gilts' 10-year yield spread over bunds widened by 4 basis points to 175 points.

Meanwhile BTPs matched the performance of the German market, following comments by Italian Prime minister Mr Romano Prodi that a mini-budget was still on the agenda. Liffe's March BTP future closed 0.45 higher at 130.94, before rallying further in after-hours trading to a high of 131.25.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		8.750	11/06	96.1309	+0.410	7.31	7.31	7.59
Austria		5.625	01/07	100.9400	+0.410	5.50	5.64	5.99
Belgium		6.250	03/07	105.4200	+0.550	6.26	5.59	8.06
Canada *		7.000	12/06	106.2000	+0.850	6.15	6.34	6.66
Denmark		8.000	03/06	112.6400	+0.280	8.14	6.32	6.66
France	BTAN	5.500	10/01	105.0873	+0.250	4.28	4.41	4.70
	OAT	6.500	10/06	108.6500	+0.480	5.34	5.48	5.81
Germany Bund		6.000	01/07	103.6800	+0.400	5.50	5.63	5.97
Ireland		8.000	08/06	111.7000	+0.550	6.32	6.49	6.90
Italy		7.750	11/06	104.3600	+0.070	7.12†	7.04	7.56
Japan	No 143	6.300	09/01	121.2857	-0.050	1.37	1.38	1.60
	No 182	3.000	09/05	104.3842	-0.120	2.39	2.36	2.57
Netherlands		5.750	01/07	102.8200	+0.460	5.25	5.43	5.87
Portugal		9.500	02/06	118.5000	-0.700	6.70	6.65	6.94
Spain		7.350	03/07	104.2600	+0.310	6.64	6.65	6.95
Sweden		6.000	08/07	110.5396	+0.550	6.57	6.75	6.92
UK Gilts		8.000	12/00	104-08	+1/32	6.73	6.76	7.31
		7.500	12/06	102-21	+2/32	7.12	7.13	7.73
		9.000	10/08	114-00	-	7.21	7.22	7.80
US Treasury *		6.500	10/06	101-11	+21/32	6.31	6.39	6.56
		6.500	11/26	98-22	+37/32	6.60	6.68	6.80
ECU (French Govt)		7.000	04/06	108.8200	+0.390	5.73	5.93	6.27

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields	
Prime rate	8¼	One month	-
Broker loan rate	7	Two month	-
Fed.funds	5¼	Three month	5.10
Fed.funds at intervention	-	Six month	5.17
		One year	5.43

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
113	0-42	1-01	1-33	1-52	0-16	1-09	1-41	1-60
114	0-13	0-39	1-05	1-23	0-53	1-47	2-13	2-31
115	0-03	0-21	0-47	1-01	1-43	2-29	2-55	3-09

Est. vol. total, Calls 7302 Puts 1315. Previous day's open int., Calls 99861 Puts 52960

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change
Mar	113-13	113-23	+0-12
Jun	112-29	113-11	+0-18
Sep	112-23	112-29	+0-16

COMMENT & ANALYSIS

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Keeping down the pressure

The ingenious hydraulics of an automatic lavatory cistern is doubtless an imperfect model for the UK economy. But they powerfully illustrate the dilemma now feeing the Bank of England and the Treasury about UK interest rates.

Despite their differences, both agree about what might he called the cistern danger: that after e period of quiet regulated inflow, excess pressure will trip the outflow mechanism and everything will go with a whoosh. A glance at the UK unemployment statistics from 1986 to 1993 shows the danger. Few believed in the palmy days of 1986 that inflation could get so rapidly ont of control or that the johless would be pushed back over 3m.

Such a rapid deterioration may seem far out of proportion to the present argument as to wbether UK base rates should be raised from 6 per cent to perhaps 6¼ per cent. The Bank'e latest Inflation Report suggests that, at worst, inflation might reach 5 per cent by the second half of next year, with 3 per cent a more likely bet. However, even its central projection is above the target band of 2½ per cent or less set by the government. And in its more pessimistic projections, the Bank shows a worryingly eteep upward trend in prices.

Apart from the continued rise in sterling, the reasons for anxiety have increased since the Bank's last review in Novemher. Wage rises, it is true, slowed a touch in the latter part of last year, but at 3½ per cent they are almost half a percentage point higher than at the beginning of the year.

Wage drift

Moreover, as companies benefit from the continned robust growth of the economy, wage drift, whicb inclndes bonuses and promotion payments, has nudged pay increases up above 4½ per cent. By simple arithmetic, this is the maximnm increase the economy can afford if inflation is to be beld below 2½ per cent while productivity grows at 2 per cent – its long term trend rate.

As wage increases move into the danger zone, tbere are strong signs that consumer demand will continue its recent rapid growth, and so enable manufacturers to raise prices. Consumers have money in their pockets – or feel that they bave – partly because of last year's 8½ per cent rise in bouse prices, an inflationary trend whicb is likely to continue if not to accelerate. The rise in share prices has also helped: up 40 per cent in real terms since 1990. And this year consumers can expect windfalls totalling £21bn from hullding eocieties merging or turning into banks. This buge handout is equivalent to cutting the nation'e income tax bills hy a third.

Raising taxes

There should he little disagreement, therefore, that the pace of growth of domestic demand needs to be reined back, and that the hest way to do this would be to raise taxes. By cutting the government's excessive borrowing requirement, this would have the further beneficial effect of allowing interest rates to be eased, compared with what they would otherwise need to be. Long-term rates would tend to fall as the markets perceived that the government was serious about preventing the economy'e capacity from heing over-filled with orders.

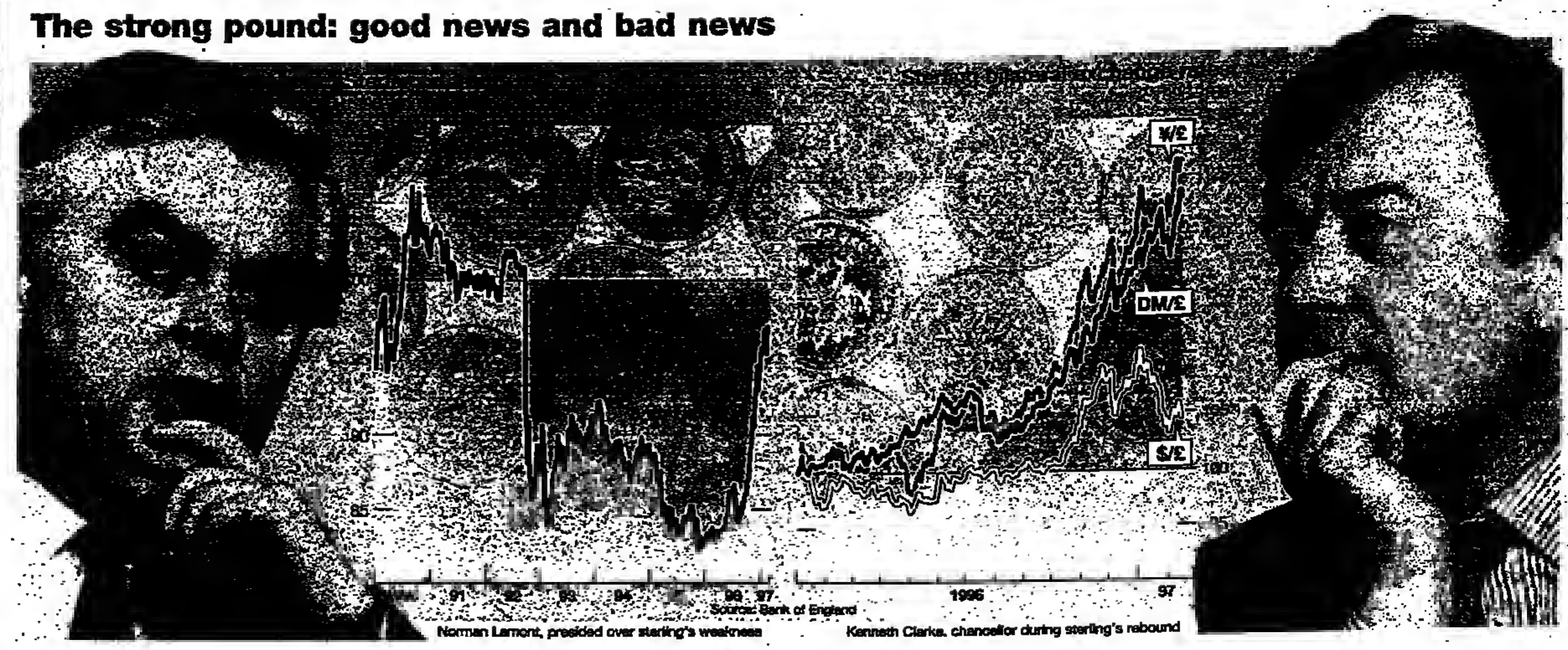
There is no chance that this remedy will be taken before the next election, and perhaps not after it. This is an important reason (thougb not the only one) why sterling has risen almost 20 per cent against the D-Mark since last summer. The fiscal tightening which Germany and France have been obliged to inflict in preparation for European monetary union, has depressed continental interest rates, thus making sterling bonds relatively attractive.

Since bondholders expect an equal total return from investing in different conntries, the higher UK interest rate implies that the market expects sterling to lall by about 7 per cent by the end of next year, or to DM 2.50, a reasonably comfortable rate for British Industry.

But will sterling fall? And if not, will UK exporters start losing orders and laying off workers as they did in the early 1980s? Clearly there is a danger. Such a steep rise in sterling must have a depressing effect. On the other hand, export margins remain reasonably healthy and export markets are recovering slowly.

So the danger should not be overstated. Most forecasters expect the economy to grow at above the trend rate. Spare capacity may not yet be exhausted. But when it reaches overflow, it will be too late to act. The Bank is right; the Treasury is wrong. The valve should be tightened now. Cautiously.

The strong pound: good news and bad news



Norman Lamont, presided over sterling's weakness — Kenneth Clarke, chancellor during sterling's rebound

Currency conundrum

Graham Bowley says sterling's rise has cheered importers, depressed exporters and left economists in dispute

Just as the current wave of British pop music, couture and culture has taken the world hy storm, the pound is hack in fashion with investors.

The effective exchange rate of sterling, which measures its value against a basket of other currencies, has risen 16 per cent since August. Last week it approached another milestone, coming within a few German pfennigs of its former floor in the European exchange rate mechanism – from which it was so humiliatingly ejected in September 1992 under the chancellorship of Mr Norman Lamont.

"Then, we were just coming out of e prolonged recession and the housing market was languishing in the doldrums," says Mr Martin Brookes, international economist at Goldman Sachs in London. "Now there is reasonably strong growth, bouse prices are recovering and consumer confidence is buoyant."

The UK economy is one of the fastest growing of the leading industrialised nations. Its performance overshadows those of its European neighbours, which are hampered by attempts to meet the Maastricht criteria for economic and monetary union.

Beyond the satisfying symbolism of a resurgent currency, sterling's rise is, for many, a practical cause for celebration. Its ascent is expected to help the travel industry by sharply reducing the cost of foreign holidays. It is also a boon for importers, while the fall in import prices is expected to benefit the economy generally by putting downward pressure on inflation.

But sterling's vitality bas a darker side. Exporters have complained loudly that sterling's sudden rise has reduced their international competitiveness. Its strength is likely to harm the domestic tourist industry as foreigners are deterred from visiting Britain by an unfavourhle exchange rate.

This week Reuters and Allied Domecq became the latest large companies to warn that the strong pound was eating into their profits. A survey by the British Chambers of Commerce last month found 95 per cent of medium-sized manufacturers said the pound was hampering their husiness.

"Yon might expect [the eituation] to get even worse since it takes time for exporters to raise their prices to absorb the pound's rise," says Mr Ian Peters, deputy director general of the British Chambers of Commerce. "But then the question is: can they make the price rises stick without e hig fall in orders?"

For exporters, current economic circumstances are a reversal of the conditions after the pound left the ERM in 1992. Then, a weak currency gave British companies an international edge and the UK entered a period of rapid export-led growth.

No one can say with certainty why the pound has risen, hut economists offer several possihle explanations. One, which the Bank of England says accounts for about a quarter of sterling's rebound, is that UK interest rates are higher than those in France, Germany and the US. This has prompted investors to shift their money to the UK, particularly because the market expects UK interest rates to rise faster than those in other industrialised nations.

"The Bank of England is the only major central bank to have raised interest rates in the present economic cycle," says Mr Neil MacKinnon, chief economist at Citibank in London. "Not even the US has done that yet. The pound has become a high-yielding currency."

Another quarter of sterling's rise can be explained, according to the Bank, by the sharp increase in the price of oil, which hy December was about 20 per cent above its level of last summer. As an oil producer, the UK economy benefits from a higher oil price, a shift which has the opposite effect on most of the economies of continental Europe.

A third explanation for the pound's strength is the uncertainty surroonding economic and monetary union. Unnerved by the possihly destahilising effects of Emu on participating nations, investors may have shifted their funds into sterling, believing the UK to be the nation least likely to join the single currency in the first wave.

A final reason for sterling's vigour could be mounting international demand for UK goods and services. The Bank of England believes this may be because of the improved quality of UK products.

The debate about the factors behind the pound's rise may be largely academic. But the heatedly disputed effects of sterling's appreciation are emerging as the central conundrum for the UK's economic policy makers. It is an issue which has driven a wedge between Mr Eddie George, the governor of the Bank of England, and Mr Kenneth Clarke, the chancellor, eparking a public debate over interest rates.

Mr Clarke believes the pound'e rise has slowed tbe economy enough to warrant keeping interest rates at their current level. By contrast, Mr George argues that at least some of sterling'e rise is likely to prove temporary. Neither, be says, does its strength have much effect on the consumer side of the economy where inflationary pressures are huilding up, he says.

In this week's Inflation Report the Bank says the government will miss its target for underlying inflation of 2.5 per cent within two years unless interest rates are raised. "Tbe longer you delay, the more interest rates will have to go up later," warns Mr Mervyn King, the Bank's chief economist.

Much of the argument turns on wbether a strong pound is here to stay. Most currency analysts believe sterling bas a little further to rise, with its ascent likely to continue if the economy's momentum is maintained.

But if the strong pound depresses exports and snbdnes inflation the currency's appreciation could contain the seeds of its own demise. Sucb an outcome would reduce the need for the interest rate rises expected by financial markets. If the sluggish economies of continental Europe and Japan begin to revive, sterling could go into descent.

That is not likely, says Mr Paul Meggyesi, currency analyst at Deutsche Morgan Grenfell in London. "Investors have a deep-seated bullishness towards the pound," he says. "Even a new Labour government would not set the pound back ... We would bave to see something catastrophic in the UK economy to really shake the currency out of bed."

Profits and losses

For Jean and Don Hewitson, the pound's recent strength bas been both a cloud and a silver lining. Mr Hewitson is proprietor of The Cork and Bottle, a wine bar near Leicester Square, the beart of London's West End.

With half his wines imported from France, sterling's rise in value by 16 per cent against the French franc since last year has led to savings. "This is just what we've been waiting for," says Mr Hewitson.

But for Mrs Hewitson, showroom manager of Mark Wilkinson Furniture, a luxury kitchen manufacturer in Wiltshire, sterling's strength causes problems.

While the company's UK sales have recently reached a record, thanks to the vibrant Britisb economy, sales to Europe are sagging. At the company's London showrooms last week, two Dntch businessmen admitted they would have bought one of the handmade kitchens bnt for the weakness of the guilder against the pound.

For A.T. Mays, the UK travel agency, the surge in the sterling exchange rate has led to a rush of business as people buy foreign currencies for their overseas bolidays later in the year. The company said its foreign exchange sales in the first week of 1997 were 77 per cent above the same period last year.

"Many people are cashing in now while the rates are favourable," says Mr Malcolm Hewitt, managing director. "Witb the general election looming there is uncertainty how sterling will be performing when it comes to the main boliday season."

Richard Adams

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Isolation a danger to UK companies

From Mr Andrew Michell.

Sir, Multinationals such as Unilever and Toyota are not alone in linking future investment plans with participation hy the UK in economic and monetary union. The single currency issue is just as important to the many British small and medium enterprises which have unfolded their wings in the EU since the inception of the single market.

All of us need long-term stability of exchange rates in a large European economic zone to be able to make sensible long-term business plans. The recent appreciation of the pound illustrates the prohlem. Suddenly we have to incorporate a 22 per cent change in the figures for much of our intra-EU trade. What hope is there for even a semhlance of certainty in a five-year husiness planning period when forecasting exchange rates is as difficult as forecasting the weather.

We therefore strongly support Emu. Its realisation will mean that we will bave the advantage of trading and planning within a significantly larger and more stahle economic area than is offered by the UK alone. From this base we will confidently face the global competitive threat offered by the other two giant single currency zones of the US and Japan. This company, and many like it, faces the same choices as multinationals over where to expand operations. The longer the uncertainty over the UK's participation in the EU goes on, the more likely it is our decision will go against it and for a more certain Emu participant. None of the often quoted advantages of the UK business environment outweighs the dangers of isolation.

Andrew Michell,
chairman,
Michell Instruments,
Nuffield Close,
Cambridge CB4 1SS, UK

From Dr Michael Cross.

Sir, With the recent reaction of a small group of Conservative politicians to a leading husiness person's views on Emu ("Unilever chief walks into Emu row", February 12), we are witnessing yet another example of politicians being out of touch with developments in our society.

It is increasingly important for company leaders to express their views on issues. This way we will know their values and find that they can be trusted (and otherwise).

Gone are the days of the politically neutral company. This might he a challenge to our politicians, but we all have a role in the political process.

Michael Cross,
43 Montague Road,
Richmond,
Surrey, TW10 6QJ,
UK

Irony of the 'stable' euro

From Mr Rod Barrett.

Sir, Is it not ironic that many of the same finance ministers and central bank chiefs who are wringing their hands over the value of the US dollar are simultaneously arguing that stability is one of the main advantages of a single European currency?

If the mighty dollar can be so ill-disciplined, surely the claims of future stability for the euro are significantly overstated.

Rod Barrett,
60 Southborough Road,
Bromley, Kent BR1 2EN, UK

Tawdry tale of New Orleans

From Dr Edward Black.

Sir, When I visited New Orleans last Easter with the Ken Colyer Trust I observed that the French Quarter was a square-mile hrothel interspersed with gay bars where, if there were three murders in a night, two were done by the police. Two of our party were mugged 100 yards from the hotel on the second afternoon.

Musically it is in terminal decline and the tourism is tawdry. Sadly, your excellent article by Jurek Martin "Not so easy down in New Orleans" (February 10) will not "take me back wbere I belong".

Edward Black,
80 Dorset Road,
Merton Park,
London
SW19 3HD, UK

BAA meeting challenge of running leading airport

From Mr Mike Roberts.

Sir, I would like to assure Mr Adrian Wickens (Letters February 8) that BAA dces not have a rose-tinted view of Heathrow. If we did then I douht we would take the tronble to interview 26,000 passengers every year to seek their views on our facilities, nor would we be spending more than £1m every day improving facilities and services.

Of course, handling 55m passengers every year brings with it challenges that Mr Wickens's local airport does not face, but Birmingham International Airport does not offer direct services to 220 destinations, nor is it home to 93 airlines, as Heathrow is.

As the leading airport operating company in the UK, BAA is acutely aware of the need to provide first-class airport fecilities to meet growing demand. For this reason, our investment programme has recently seen huge improvements in Terminal 1, and we are halfway through a £90m refurbishment of Terminal 2.

In his article "Deceptive appearance" (February 3) Michael Skapinker was very critical of the check-in area of Terminal 3, yet he declined to point out that a £25m project was already under way to improve and expand the area and to provide 30 new check-in desks.

It is very easy to find fault with an operation as complex as the world'e husiest international airport and we are certainly big enough to take some criticism when it is due. However, complacency is not a valid criticism nor is it a view shared by either our regulator or any of the airlines that operate from Heathrow.

Mike Roberts,
managing director,
BAA,
Heathrow, UK

COMMENT & ANALYSIS

Man in the News • **Niall FitzGerald**

Advocate of a clean break

Roderick Oram on the Unilever chief who enjoys a good scrap

Two years ago, Mr Niall FitzGerald, co-chairman of Unilever, told an audience in his native Ireland: "Real winners do not play by the rules – they change them or even make their own."

This week ha broke the rules in his own company when he announced plans to eell the most profitable business of the Anglo-Dutch consumer goods group.

But he also offended tha sensibilities of British Eurosceptics by suggesting the UK had to join the debate on monetary union. If it did not, he said, it ran the danger of slipping out of the single market and drifting off into the Atlantic to the detriment of its economy.

As co-chairman of Unilever, purveyor of such British specialities as Wall'e ice cream, Brooke Bond tea and Persil detergent, Mr FitzGerald is one of the most eenior business leaders in the UK. As chairman of the European committee of the Confederation of British Industry, he voices the views of many other leading industrialists.

But the right said he was disqualified from the debate: he is Irish; he had flirted with communiam as a yonth; he was responsible for foisting Persil Power – the underpants-eating detergent – on the public. Worse, as head of Unilever, he was portrayed as a rabid European colluding with his Dutch co-managers.

"Is he at all worried that be might put British consumers off if he threatens us for not agreeing with his political views?" asked Mr John Redwood, a lesding Eurosceptic MP.

It made Mr FitzGerald's day. A highly articulate man, he enjoys e lively clash. "He is not a fence-sitter," says one colleague.

"When he knows what he thinks is right, he will go for it – with arms, fists and rabbit punches," said another when Mr FitzGerald was promoted to co-chairman last year. "I like him enormously but I wouldn't want to share a desert island with him."

Pushing for change and challenging corporate orthodoxy have characterised Mr FitzGerald's nearly 30-years at Unilever. His colleagues made him co-chairman last September believing he would instil entrepreneurship in a massive bureaucracy selling almost £100m of consumer goods a day.

His comments on monetary union came at a press conference on Tuesday when he announced his first significant shift in strategy. The company has put up for sale its speciality chemicals business with the intentioo of ploughing tbe proceeds back into its core food, personal and household products.

Unilever can expect to raise up to £6bn from the disposal. By adding to its borrowings, it could then have about £10bn to spend – enough to buy some of the world's largest food companies euch as Heinz or CPC, best known for its Knorr soups and Hellmann's mayonnaise.

But neither of those fit the bill of fast-growing, cash-generative businesses as profitable as chemicals, analysts say. To meet his goals, he will probably bave to make dozens of acquisitions of smaller companies around the world. If be succeeds, however, he would catapult Unilever on to a rapid-growth trajectory after many yeara of under-performing its north American competitors.

He has time on his side. At 51, he could run the company for a decade, profoundly changing its culture and business.

He has already pusbed through a simplified board structure as a key step towards his stated goal of making Unilever the leading global company in its consumer products. Two of the essential qualities he wants to build in Unilever are fleet-footed innovation and pre-eminent skills in emerging markets.

He joined Unilever almost on a whim. The company looked the most interesting among the campus recruiters at Trinity College, Dublin, he recalls. He moved rapidly through most areas of the buga conglomerate before becoming finance director at 40. He was a breath of Unilever fresh air for the City, the first executive to deal with it in an open and belpful way.

His career suffered a serious wobble three years ago, however, when be took responsibility for Persil Power. Then bead of Unilever'e global detergents business, he saw the revolutiooary catalyst in Persil Power as the weapon he needed to win back leadership of the European market. That had been lost to Procter & Gamble in the early 1980s.

A flaw, however, caused the manganese catalyst to react badly to a handful of dark dyes, eating holes in some fabrics. P&G revelled in waving Persil-tattered underpants in public. Unilever said the flaw was very hard to detect and it changed the formula as soon as possible. But to the rest of the world it looked as though the company had made the classic mistake of defeoding its product at the expense of its reputation.

The debacle created severe tensions between Unilever's two dominant nationalities. British exectives teoaciously pushed Persil Power even as P&G stoked the controversy. Some were critical of their Dutch colleagues who, deeply distressed by the adverse publicity, wanted to ditch the product at the first whiff of trouble.

Mr FitzGerald was quick to emphasise the lessons of Persil Power to his colleagues. He said it showed how mucb better Unilever had to become at product innovation, handling complex multinational markets and external parties such as the press and competitors. Preaching change restored his standing and won him the UK chairmanship.

Mr FitzGerald and Mr Morris Tabakablat, his Dutcb co-chairman, are highly complementary and get on well, their colleagues say. Both hava impressive command of their company and the world in which it operates. But Mr Tabaksblat is more of a worrier than Mr FitzGerald, bringing a critical "yes, but..." counterpoint to their debates.

Mr FitzGerald eeems to know his aseurance and powers of persuasion can get him into trouble. Kicking off the press conference on Tuesday, he gestured to paintings of predecessors surrounding him in Unilever's London boardroom, a room as huge as a banking ball and as gloomy as a 1930s civic council chamber. "They're keeping a watchful eye on me to make sure I don't get out of line," he said.

But who will check his enthusiasm for scraps outside Unilever? Some of his colleagues were wondering after the Eurosceptics' fusillade. They wondered if their co-chairman, a man of impressive internal political skills, bad a delicate enough touch for external politics.

But CBI colleagues disagree. He was always sensitive to the great divisions within its members over Europe, one said, without losing his love of "jolting the system to get things moving".

Alice Rawsthorn on a buoyant but structurally flawed UK film sector

Patient still on critical list

The prospect of trouncing the Americans on their home turf is generally greeted with jingoistic glee by the British press. This week's announcement that *The English Patient* had garnered 12 Oscar nominations was no exception.

The English Potient was directed by Mr Anthony Minghella, a Briton, using a largely British cast and crew. But the only company willing to finance the $30m (£18.5m) production budget was Miramax, a New York-based subsidiary of Walt Disney, the US entertainment group. Miramax will now pocket the profits.

If the UK is to benefit from the commercial success of its films, and save the likes of Mr Minghella from what he describes as a "nightmarish struggle" to raise money, it needs to establish an industry capable of prodncing $30m pictures.

The slew of Oscar nominations for *Secrets and Lies*, *Hamlet* and *Trainspotting*, as well as *The English Patient*, is an encouraging start. It comes at a time when the UK film industry is attracting oew investment from television, foreign producers, and the National Lottery. Yet there is still a risk of the industry slipping back into the self-destructive cycle that bedevilled it after past Oscar sweeps.

The crux of the industry'a problems is that it is composed of a motley assortment of independent production companies. They struggle to finance films on a piecemeal basis and are forced to cede so many rights – to foreign markets or video – that their share of the profits is too small to enable them to build strong, stable businesses.

Hence the industry's fortunes fluctuate as Britisb films move in and out of fashion and exchange rates maka it cheaper or more expensive for foreign producers to shoot in the UK. Recently the tide has turned in its favour. Some 127 films were produced or shot in the UK in last year, 55 per cent more than 1995, says Screen Finance, an FT newsletter.

All the big-budget productions were Hollywood-backed, including *101 Dalmations* and *Evita*, but there was also significant growth in European investment.

"It'e partly a *zeitgeist* thing, with [the magazine] Vanity Fair saying that London'a awinging again," saya Ms Lisbeth Savill, partner in Olswang, one of London's largest entertainment law firms. "But we've had a huge increase in inquiries from foreign investors."

Domestic investment has risen too, buoyed by recent successes such as *Trainspotting*, which cost $2.5m to make and has taken $73m at the box office. Meanwhile the Arts Council has given £28m of National Lottery money to 53 films.

"It's still unbelievably difficult to make films in Britain, bnt that's a great improvement on how it was before," says Mr Marc Samnelson, a prodncer wbo received a £1.5m lottery contribution to the £6m budget of *Wilde*, a film abont Oscar Wilde that comes out next autumn.

The sudden flurry of film-making activity has already caused problems. A shortage of studio space and post-production resources, such as editing suites and digital effects facilities, has triggered a steep increase in costs. Labour rates have also risen, particularly among actors and technicians, who are also needed hy the advertieing industry.

The look of success: Ralph Fiennes, star of The English Patient

New capacity is coming on stream. Loodon post-production houses are expanding, as are Sbepperton and Pinewood, the UK production studios. A third studio is being built on a Hertfordshire aerodrome. The labour shortage will take longer to resolve, while new recruits are being trained.

However the chief concern for the industry is that its recent revival has done nothing to correct its structural flaws, or to lessen the risk of a sudden reduction in foreign investment. Hollywood producers are already voicing concern about the impact of the stronger pound on the cost of shooting future projects in the UK.

The industry has an unprecedented opportunity to address this long-running problem when the Arts Council awards four film franchises this summer. Each will be entitled to up to £39m in lottery money over six years.

The lottery subsidy is intended as seed capital to help the franchises raise additional funds to finance a portfolio of films which, it is hoped, will generate sufficient profits to set up sales and distribution networks.

If the initiative works, it could create a couple of "baby studios" that would stabilise the industry and belp other film companies to raise investment. Some 164 companies or consortia – ranging from the Guinness Mahon hanking group to tha producera of *Four Weddings and o Funeral* – indicated last Decemher their intention to apply for franchises.

Several consortia have already unravelled, mainly because of rifts between the members or problems in meeting the application criteria. "The franchising process has already been incredibly helpful," says Mr Samuelson, whose company will bid as part of a consortium. "It's forced people to be more disciplined and more realistic about their future plans."

The Arts Council expects to receive a couple of dozen final bids hy the deadline of February 28. It then faces the task of choosing which ones are likeliest to produce a British-funded successor to *The English Patient*.

"Let'e hope it works," says Mr Minghella. "It'e evident that there'a a whole raft of marvellous actors, technicians and directors in Britain right now. All the constituents are in place – if the money's there."

Refuges at risk

Andrew Jack on the pressures threatening Europe's tax havens

One idea guaranteed to destroy political careers in Andorra, the tiny Pyrenean mountain state perched between France and Spain, is the proposal to introduce income tax.

Andorrans go to the polls tomorrow against a backdrop of an economic downturn and several years of budget deficits, bnt no candidate has dared lift the taboo. "It's not good electioneering," says Mr Oscar Ribas Reig, the former head of the government whose attempts to do just that have twice lost him his joh.

With a centuries-old tradition of smuggling, Andorra has proved extremely adept at building up its economy by exploiting differences in the tax rates and import cootrols of its neighbours.

Its traditional success is illustrated by the rows of "duty free" tobacco, alcohol and perfuma shops which dominate the high street of its capital today. It is also reflected in the numerous apartments owned by tax exiles, and multitude of bank branches which accept deposits from people who periodically cross the borders to place "savings" away from the eyes of their own tax inspectors.

Yet, like a number of other tax havens, notably those under the European Union's sphere of influence, the delicate system that has helped the country prosper is coming under threat.

"There is growing pressure on tax havens from both regulators and other countries wanting to get in on the act," says Mr John Whiting, a partner with accountants Price Waterhouse. "They have got to be prepared to evolve in order to survive."

He says there is considerable regulation in place "to force havens to clean up their act". Governmants are co-operating more than ever to put tighter controls on money laundering and other criminal activities.

National tax authorities are also talking far more than in the past about the exchange of information. The US is "reviewing" a number of its double tax treaties, with the implicit threat thet they may be torn up unless modifications are introduced.

In the UK and elsewhere there has been a movement towards "controlled foreign corporation" legislation. This provides the suthoritiee with far greater access to the records of companies with offshore subsidiaries.

Debate has also increased about more philosophical objections to tax havens. As other obstacles to free trade and movement come down, "tax remains one of the last barriers", says one senior official.

Duty-free shops, Andorra Pic: Impact

With the liberalisation of capital movements and the widespread use of sophisticated electronic means of payment, financial flows are more sensitive and mobile than ever to differential tax regimes. They shift rapidly to those areas offering the lowest rates.

The finance ministers and central bank governors from the Group of Seven leading industrial countries who met in Berlin last weekend discussed the problems of "harmful tax competition" which they believed could jeopardise "fairness and neutrality". The Organisation for Economic Co-operation and Development is to report on the subject in May next year, and the EU is setting up a permanent group of senior politicians to study tax matters – including the idea of a "code of conduct" on minimum acceptable tax rates and conditions.

"I can't remember a time when heads of government spoke about tax issues," says the official. In the past two years, be says, even the words politicians have chosen to use on the subject have shifted significantly – from "fiscal derogation" and "erosion" to the much harsher "dumping".

Such rhetoric strikes a populist chord, particularly when many western nations – notably France and Germany, which are attempting to meet the Maastricht criteria for monetary union at a time of low growth – are so concerned about their hudget deficits.

It is less clear whether the threats will be translated into action. After all, most EU members have their own "captive" tax havens – such as the Channel Islands for the UK, Madeira for Portugal and Heligoland for Germany. Some – such as Monaco for France or Andorra for Spain – also provide an important dynamo of jobs and growth for the regional economy.

Europe's nations would also have to reconcile any action against tax havens with the fact that they are already themselves competing fiercely on tax issues. Examples of low tax areas include Trieste in Italy, the Dublin docks in the Irish Republic, as well as the generally attractive corporate tax regime in Luxembourg. Since last year, France has also offered assistance to multinational companies basing their headquarters or foreign executives there, while Germany offers incentives to help troubled industries restructure.

Traditional tax havens face intensifying competition with the creation of new offshore centres, such as those in the south Pacific. Ironically, they face an even higger threat from tbeir larger European neighbours, which have been eroding their relative attraction over the past decade by sharply cutting corporate and income tax rates.

That leaves the havens with two options. Some have chosen to fight hard to win new business and become more professional.

The Isle of Man recently doubled its financial promotion hudget, Jersey introduced a special regima to limit the liability of partnerships, such as accountants, while Monaco is considering changes that would encourage offshore investment vehicles.

The alternative ie for tax havens to keep their heads down in the hope their neighbours might leave them alone – as long as they do not become too big or scandal-ridden.

But if present trends continue and tbeir relative attraction declines, these havens will have to diversify in order to survive. That may well mean introdncing new forms of economic activity – or even income tax.

Search for a secular consensus

Israel's main parties are moving closer together as religious groups gain ground, says **Judy Dempsey**

When a group of deputies from Israel's Knesset met last Saturday in Kochav Yair, a well-heeled community close to Tel Aviv, the conversation was – as is typical of such gatherings – lively and often heated.

The discussion focused on Israel's continuing presence in Lebanon, in the aftermath of the death in a helicopter crash of 73 Israeli soldiers flying to Israel's security zone in the south of its neighbour.

Although there were disagreements, a hroad consensus emerged. Israel must consider some kind of withdrawal from Lebanon, even if that meant unilateral withdrawal as some argued.

What makes this remarkable, however, was the guest list. It inclnded Mr Yosei Beilin, a contender for the opposition Labour party leadership and one of the architects of the Oslo peace accords. Also present was Mr Michael Eitan, parliamentary leader of the governing conservative Likud coalition, and his colleague, Mr Gideon Ezra, former deputy of Shin Beth, the internal security service.

"We met because we are trying to forge a bipartisan foreign policy," says Mr Beilin.

Such a meeting would have been unthinkable a year ago when Israel was still deeply divided after the assassination of Yitzhak Rabin, the Lahour prime minister, by an ultra-Orthodox Jew. It would have been hard to countenance even a few months ago, when Mr Benjamin Netanyahu, the prime minister, was hesitating over a troop withdrawal from the West Bank city of Hebron and the peace process seemed in tatters.

"Much has changed since than," says Mr Ezra. "We have to find a common ground across the political spectrum if we are to deal with the problems we are abont to confront. We need national unity. That is why I welcome Labour and Likud talking with each other."

Tha peace process has encouraged such discussions because it is reducing the external threat to Israel's existenca and forcing Israelis to examine their own institutions, says Mr Shmuel Sandler, professor of political studies at Bar-Ilan university in Tel Aviv.

"Althongh we have thought about it in the past, for the first time we have to really confront our identity," he says. "We have to think about our future borders. We have to start defining what kind of state we want to live in."

There is a growing realisation among Israelis that the peace process is bringing ont divisions which go to the heart of the Israeli state. "It is a fact that we have now to find an equilibrium between Jndaism and democracy," saya Mr Eitan. "We have to find some way to cope with the third force which is emerging in Israeli politics."

That third force is the bloc of religious political parties which hold the balance of power in the Likud-led coalition. Mr Netanyahn may he the first Israeli prime minister to have been elected directly but he is reliant for his majority in the Knesset on the 10 votes of Shas.

Shas wants to curh the media, which it regards as hedonistic. It wants to curtail the powers of the Supreme Court, regarded hy both Liknd and Labour as the guardian of Israel's democratic and secular values. And as Mr Hirsh Goodman, columnist for the liberal Jerusalem Report news magazine, says: "Shas wants an Israel based on the Torah [the Bible].

"This is what the conflict is about: whether we have a society based on democratic values or a society based on the Torah. This is what is bringing Labour and Likud together."

The differences between Likud and Labour are narrowing in other policy fields. Already both espouse a free market economy, support the peace process and strive towards strengthening the values of a civil society based on the rule of secular law.

As if to confirm the small gap between both parties, a poll carried out this week by Tel Aviv University showed how only 19 per cent think "there are vast differences between the two major parties", with 31 per cent believing there are no differences.

The poll was taken after Mr Netanyahn's Likud-led coalition voted for the Israeli troop withdrawal from Hebron last month. That vote reassnred public opinion that Likud was just as committed to continuing the peace process as Labour.

But the Hebron agreement also meant that Likud, sections of which were once bound to the concept of Eretz Israel, the Jewish biblical homeland, has had to start redefining its role. "Likud's ideological base has disappeared," says Mr Eitan. "Party discipline hardly exists. We now look for allies across tha political spectrum."

Yet there is another reason for tha gradual convergence of views. Since the prime minister is now directly elected, both parties have to move towards the political centre to build the widest political base.

The growing etrength of the ultra-Orthodox parties is encouraging this search for a wider base.

"Labour and Likud are forced towards the centre hecause of this development," says Mr Goodman of Jerusalem Report. "The centre is becoming increasingly important for Netanyahn as mnch as for Ehud Barak [the front-runner in the Labour party leadership race] as they position themselves for the next election."

These trends could point to a gradual realignment of Israeli politics, witb the ideological differences between Labour and Likud evaporating as the religious parties gain ground.

Mr Eitan believes such a realignment will be slow. "But it is necessary. The issnes we face are enormous. It is about what kind of values Israeli society will have in the future."

CURRENCIES AND MONEY

Dollar down

MARKETS REPORT

By Richard Adams

After a week of trading since the Group of Seven meeting of leading economies in Berlin, there was some evidence yesterday the US dollar has finally stabilised on the foreign exchange markets.

Following positive economic news on producer price inflation that reduced any lingering hopes of a US rate rise, the dollar ended the day on the London market almost unchanged against its major rivals.

Against the Japanese yen – whose rate was one of the biggest concerns for the G7 leaders – the dollar fell slightly, by Y0.46 to Y124.20.

The dollar remained steady against sterling, falling a tenth of a cent to $1.6210. It also eased by a sliver against the D-Mark to DM1.6862, and by 0.65 of a centime against the French franc to FFr5.6900.

Sterling mirrored the dollar's lethargy, slipping down against other European currencies. Against the D-Mark the pound fell by a third of a *pfennig* to DM2.7334, and by 1.65 centimes against the French franc to end at FFr9.2235.

Elsewhere, the D-Mark gained at the expense of the Italian lira, at the end of a tough week for the Italian currency. The D-Mark gained L1.8 to be worth L985.7.

■ Pound in New York

Feb 14	--Latest--	-- Prev. close --
£ spot	1.6200	1.6235
1 mth	1.6191	1.6226
3 mth	1.6169	1.6205
1 yr	1.6064	1.6107

■ The market was surprised by a 0.3 per cent fall in the January US producer price index, which gave the US Treasuries markets more reason to rejoice.

The PPI figure took the wind out of the dollar's sails in Europe, as the market downgraded the chances of the Federal Reserve tightening interest rates.

Earlier in the day the dollar hit its highest level for four years against the yen, and neared the psychologically important level of Y125, before sliding back in late trading, possibly because of fears over the possibility of co-ordinated central bank moves to curb its rise by entering the market.

■ The effects of the G7's statement, that the dollar's correction had come to an end, continues to be a major talking point in the markets.

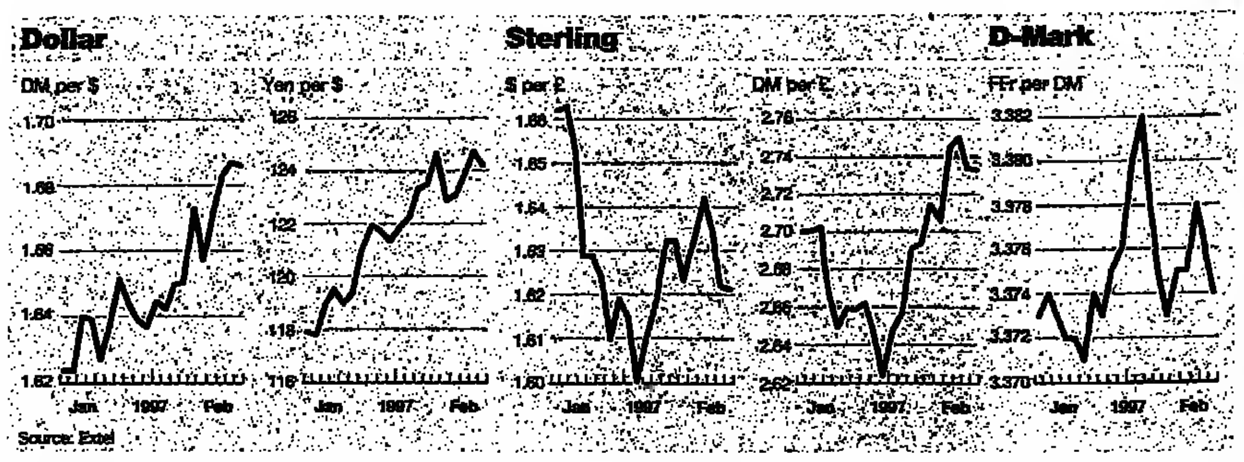
But there is little consensus over its meaning or effect. Mr Marc Chandler, an analyst at Deutsche Morgan Grenfell in New York, yesterday delivered an acerbic commentary on the G7 fall-out, and predicted a rise still to come in the dollar's value.

"When officials highlight the benefits of a strong dollar, the market senses that an even stronger dollar is acceptable," Mr Chandler said yesterday.

There is no sign of any direct central bank intervention, and no credible threat of either Japan or Germany to raise interest rates to defend the D-Mark or the yen. Nor is the Fed likely to cut rates to depress the dollar. Mr Chandler concludes the dollar will continue to appreciate to reflect the economic advantages of US over Japan and Europe. "These are the conditions that favour an overshoot," he said.

■ The financial markets have never been renowned for their sensitivity. Stories such as the futures trader who suffered a heart-attack on the floor of the Chicago exchange, so his colleagues stuffed their losing orders into his pockets.

Analysts at Bear Stearns in London, however, went against the usual grain yesterday in their daily note. "Rather than flowers, why not say it with dollars for Valentine's Day," they wrote.



POUND SPOT FORWARD AGAINST THE POUND

Feb 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.2358	-0.0225	259 - 457	19.2998	16.1716	19.1923	2.7	16.1358	2.1	-	-	103.7
Belgium	(BFr)	56.3833	-0.0983	253 - 412	56.6000	56.1550	56.2583	2.7	55.9933	2.8	54.7983	2.8	103.5
Denmark	(DKr)	10.4169	-0.0116	120 - 217	10.4556	10.3824	10.397	2.3	10.3564	2.8	10.1775	2.3	105.5
Finland	(FM)	6.1035	+0.0132	949 - 120	6.1190	8.0470	-	-	-	-	-	-	83.6
France	(FFr)	9.2235	-0.0167	198 - 271	6.2592	6.1876	9.2027	2.7	6.1611	2.7	8.9564	2.9	106.4
Germany	(DM)	2.7334	-0.0033	320 - 347	2.7434	2.7233	2.7269	2.8	2.7136	2.8	2.6488	3.1	105.2
Greece	(Dr)	427.490	+0.229	277 - 703	428.512	425.540	-	-	-	-	-	-	66.7
Ireland	(I£)	1.0240	-0.0024	230 - 249	1.0274	1.0224	1.0237	0.4	1.0227	0.5	1.0162	0.8	100.1
Italy	(L)	2694.10	+1.17	311 - 510	2703.97	2682.60	2697.35	-1.4	2699.7	-0.8	2687.85	0.2	76.8
Luxembourg	(LFr)	56.3833	-0.0983	253 - 412	56.6000	56.1550	56.2583	2.7	55.9933	2.8	54.7983	2.8	103.5
Netherlands	(Fl)	3.0674	-0.0025	660 - 687	3.0783	3.0581	3.0596	3.1	3.0441	3.0	2.9706	3.2	103.4
Norway	(NKr)	10.8444	+0.0363	394 - 493	10.9027	10.6937	10.8319	1.4	10.8116	1.2	10.7069	1.3	103.0
Portugal	(Es)	274.938	-0.332	772 - 104	276.048	273.912	275.133	-0.9	275.503	-0.6	-	-	94.5
Spain	(Pta)	231.390	-0.4	294 - 485	232.352	230.441	231.39	0.0	231.17	0.4	228.775	1.1	77.8
Sweden	(SKr)	11.9347	-0.0629	249 - 445	12.0380	11.9204	11.9157	1.8	11.8712	2.1	11.6617	2.3	85.9
Switzerland	(SFr)	2.3708	+0.0143	692 - 723	2.3748	2.3535	2.3628	4.1	2.3476	3.9	2.2761	4.0	102.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	97.7
Ecu	-	1.4066	-0.0001	055 - 078	1.4105	1.4010	1.4047	1.7	1.4002	1.8	1.3788	2.0	-
SDR†	-	1.161949	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6199	-0.002	194 - 204	1.6234	1.6158	-	-	-	-	-	-	-
Brazil	(R$)	1.7007	-0.0002	001 - 013	1.7043	1.6945	-	-	-	-	-	-	-
Canada	(C$)	2.1885	-0.0056	874 - 895	2.1944	2.1831	2.1833	2.8	2.1725	2.9	2.1135	3.4	86.7
Mexico	(New Peso)	12.6122	-0.0237	042 - 201	12.6488	12.5983	-	-	-	-	-	-	-
USA	($)	1.6210	-0.0011	205 - 215	1.6245	1.6160	1.62	0.7	1.6179	0.8	1.6077	0.8	103.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1164	+0.0033	150 - 177	2.1251	2.1089	2.1177	-0.7	2.1194	-0.4	2.116	-0.1	85.8
Hong Kong	(HK$)	12.5620	-0.0077	573 - 666	12.5891	12.5245	12.5547	0.7	12.5408	0.7	12.4762	0.7	-
India	(Rs)	58.2215	-0.0719	549 - 881	58.2950	58.1020	-	-	-	-	-	-	-
Israel	(Shk)	5.4182	-0.0038	115 - 249	5.4260	5.4092	-	-	-	-	-	-	-
Japan	(Y)	201.328	-0.883	185 - 471	202.260	200.380	200.398	5.5	198.543	5.5	190.128	5.6	121.5
Malaysia	(M$)	4.0266	-0.0049	245 - 286	4.0349	4.0180	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3333	+0.0012	317 - 348	2.3439	2.3301	2.34	-3.5	2.3495	-2.8	2.3702	-1.6	115.9
Philippines	(Peso)	42.7053	-0.0338	516 - 590	42.7609	42.6468	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0795	-0.0041	774 - 616	6.0925	6.0610	-	-	-	-	-	-	-
Singapore	(S$)	2.2986	-0.0026	971 - 001	2.3027	2.2923	-	-	-	-	-	-	-
South Africa	(R)	7.1592	-	545 - 638	7.1741	7.1233	-	-	-	-	-	-	-
South Korea	(Won)	1418.62	+13.88	810 - 814	1430.39	1414.32	-	-	-	-	-	-	-
Taiwan	(T$)	44.6424	-0.0303	962 - 885	44.7062	44.5143	-	-	-	-	-	-	-
Thailand	(Bt)	42.3000	+0.0848	464 - 536	42.4180	42.1030	-	-	-	-	-	-	-

† Rates for Feb 13 . Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan Index
Europe													
Austria	(Sch)	11.8867	-0.0058	642 - 691	11.9015	11.8310	11.852	1.5	11.8067	2.0	11.6117	2.1	103.4
Belgium	(BFr)	34.7830	-0.037	580 - 080	34.9050	34.6950	34.723	2.1	34.5955	2.2	34.0555	2.1	103.5
Denmark	(DKr)	6.4262	-0.0028	252 - 272	6.4480	6.4100	6.4173	1.7	6.3999	1.7	6.3172	1.7	105.3
Finland	(FM)	4.9991	+0.0116	953 - 028	5.0075	4.9673	4.9903	2.1	4.9716	2.2	4.8991	2.2	83.5
France	(FFr)	5.6900	-0.0065	895 - 905	5.7102	5.6720	5.6817	1.8	5.6637	1.9	5.588	1.8	105.9
Germany	(DM)	1.6862	-0.0009	859 - 865	1.6917	1.6806	1.6833	2.1	1.6773	2.1	1.6525	2.0	104.8
Greece	(Dr)	263.720	+0.32	670 - 770	264.300	262.820	265.275	-7.1	267.845	-6.3	278.87	-5.7	66.6
Ireland	(I£)	1.5831	+0.0026	821 - 840	1.5865	1.5736	1.5826	0.8	1.5823	0.2	1.5794	0.2	-
Italy	(L)	1662.00	+1.85	190 - 210	1668.12	1655.68	1664.73	-2.0	1667.89	-1.4	1668.78	-0.4	76.7
Luxembourg	(LFr)	34.7830	-0.037	580 - 080	34.9050	34.6950	34.723	2.1	34.5955	2.2	34.0555	2.1	103.5
Netherlands	(Fl)	1.8923	-0.0002	920 - 925	1.8985	1.8870	1.8885	2.4	1.8805	2.5	1.845	2.5	103.3
Norway	(NKr)	6.6899	+0.0269	889 - 909	6.7289	6.6092	6.6861	0.7	6.6805	0.6	6.6549	0.5	102.9
Portugal	(Es)	169.610	-0.09	580 - 660	170.400	169.130	169.915	-1.6	170.11	-1.2	170.885	-0.9	94.8
Spain	(Pta)	142.745	-0.15	730 - 760	143.300	142.400	142.843	-0.8	142.855	-0.3	142.075	0.5	77.6
Sweden	(SKr)	7.3626	-0.0461	588 - 663	7.4264	7.3546	7.3598	0.5	7.3499	0.7	7.3026	0.8	86.0
Switzerland	(SFr)	1.4625	+0.0098	620 - 630	1.4645	1.4548	1.4587	3.2	1.4508	3.2	1.416	3.0	102.9
UK	(£)	1.6210	-0.0011	205 - 215	1.6245	1.6160	1.62	0.7	1.6179	0.8	1.6077	0.8	97.6
Ecu	-	1.1525	-0.0007	520 - 530	1.1562	1.1493	1.1539	-1.4	1.157	-1.5	1.1736	-1.8	-
SDR†	-	0.72423	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9993	-0.0006	993 - 993	0.9993	0.9993	-	-	-	-	-	-	-
Brazil	(R$)	1.0492	+0.0006	491 - 492	1.0493	1.0487	-	-	-	-	-	-	-
Canada	(C$)	1.3501	-0.0025	498 - 503	1.3518	1.3492	1.3478	2.1	1.3427	2.2	1.3152	2.6	86.4
Mexico	(New Peso)	7.7805	-0.013	780 - 830	7.7850	7.7750	7.8985	-18.2	8.165	-16.6	6.0255	-16.0	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.5
Pacific/Middle East/Africa													
Australia	(A$)	1.3056	+0.0029	051 - 060	1.3082	1.3050	1.3071	-1.4	1.309	-1.0	1.3145	-0.7	96.0
Hong Kong	(HK$)	7.7495	+0.0005	498 - 500	7.7500	7.7485	7.7494	0.0	7.75	0.0	7.781	-0.1	-
India	(Rs)	35.9170	-0.02	670 - 470	35.9800	35.8700	36.132	-7.2	36.592	-7.5	-	-	-
Israel	(Shk)	3.3425	-0.0001	394 - 456	3.3459	3.3367	-	-	-	-	-	-	-
Japan	(Y)	124.200	-0.46	150 - 250	124.820	123.780	123.725	4.6	122.72	4.8	118.52	4.6	122.3
Malaysia	(M$)	2.4840	-0.0013	835 - 845	2.4885	2.4832	2.4869	-1.4	2.4922	-1.3	2.5165	-1.2	-
New Zealand	(NZ$)	1.4394	+0.0017	388 - 399	1.4416	1.4368	1.4449	-4.6	1.4492	-2.7	1.4807	-2.9	-
Philippines	(Peso)	26.3450	-0.003	200 - 700	26.3700	26.3200	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 506	3.7507	3.7502	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4180	-0.0007	175 - 185	1.4185	1.4169	1.4158	1.8	1.4112	1.8	1.39	2.0	-
South Africa	(R)	4.4165	+0.003	150 - 180	4.4280	4.3960	4.4572	-11.1	4.5322	-10.5	4.847	-9.7	-
South Korea	(Won)	875.150	+9.15	100 - 200	875.200	875.000	-	-	-	-	-	-	-
Taiwan	(T$)	27.5400	-	200 - 600	27.5770	27.5100	27.5401	0.0	27.5403	0.0	-	-	-
Thailand	(Bt)	26.0950	+0.07	700 - 200	26.1700	26.0300	26.185	-4.1	26.3525	-3.9	26.98	-3.4	-

† SDR rate per $ for Feb 13. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Feb 13: Base average 1990=100.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb 14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.36	4.847	1.816	4778	5.440	18.23	487.6	410.8	21.16	4.205	1.774	3.883	2.875	357.0	2.496
Denmark	(DKr)	54.11	10	8.852	2.623	0.983	2585	2.943	10.40	263.6	222.2	11.45	2.275	0.960	2.101	1.556	193.2	1.350
France	(FFr)	61.12	11.30	10	2.963	1.110	2921	3.325	11.75	298.0	251.0	12.93	2.570	1.084	2.373	1.757	218.2	1.525
Germany	(DM)	20.63	3.813	3.375	1	0.375	985.7	1.122	3.966	100.6	84.71	4.365	0.868	0.366	0.801	0.593	73.66	0.515
Ireland	(I£)	55.06	10.16	9.006	2.669	1	2631	2.995	10.59	268.5	226.1	11.65	2.315	0.977	2.138	1.583	196.6	1.374
Italy	(L)	2.093	0.387	0.342	0.101	0.038	100.	0.114	0.402	10.20	8.593	0.443	0.088	0.037	0.081	0.060	7.472	0.052
Netherlands	(Fl)	18.38	3.397	3.007	0.891	0.334	878.4	1	3.534	89.63	75.48	3.890	0.773	0.326	0.714	0.529	65.63	0.459
Norway	(NKr)	52.01	8.813	8.509	2.521	0.945	2485	2.829	10	253.6	213.6	11.01	2.187	0.923	2.018	1.495	185.7	1.298
Portugal	(Es)	20.51	3.790	3.355	0.994	0.372	980.0	1.116	3.943	100.	94.21	4.340	0.862	0.364	0.796	0.590	73.23	0.512
Spain	(Pta)	24.35	4.501	3.984	1.181	0.442	1164	1.325	4.683	118.7	100.	5.153	1.024	0.432	0.946	0.700	86.95	0.608
Sweden	(SKr)	47.26	8.734	7.732	2.291	0.858	2258	2.571	9.086	230.4	194.0	10	1.987	0.838	1.835	1.359	168.7	1.179
Switzerland	(SFr)	23.78	4.395	3.890	1.153	0.432	1136	1.294	4.572	115.9	97.64	5.032	1	0.422	0.923	0.684	84.90	0.593
UK	(£)	56.38	10.42	9.224	2.733	1.024	2694	3.067	10.84	274.9	231.5	11.93	2.371	1	2.189	1.621	201.3	1.407
Canada	(C$)	25.76	4.760	4.214	1.249	0.468	1231	1.401	4.952	125.6	105.8	5.450	1.083	0.457	1	0.741	81.96	0.643
US	($)	34.78	6.428	5.690	1.686	0.632	1662	1.892	6.687	169.6	142.8	7.360	1.463	0.617	1.350	1	124.2	0.868
Japan	(Y)	28.01	5.176	4.582	1.358	0.509	1338	1.524	5.385	136.6	115.0	5.926	1.178	0.497	1.087	0.805	100.	0.699
Ecu		40.07	7.406	6.556	1.942	0.728	1615	2.180	7.704	195.4	164.5	8.479	1.685	0.711	1.556	1.152	143.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Feb 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Finland	5.85424	5.78961	+0.00511	-1.21	3.37	8
Portugal	197.398	196.505	-0.153	-0.45	2.59	3
Ireland	0.798709	0.732492	+0.000264	-8.29	11.36	56
Italy	1906.49	1925.41	+3.22	0.99	1.12	-7
Spain	163.826	165.491	-0.162	1.02	1.10	-7
Netherlands	2.16979	2.19333	-0.00158	1.08	1.03	-8
Denmark	7.34555	7.44791	-0.00642	1.39	0.72	-10
Germany	1.92573	1.95392	-0.00185	1.46	0.65	-14
Austria	13.5485	13.7504	-0.012	1.49	0.62	-11
Belgium	39.7191	40.3177	-0.0376	1.51	0.81	-11
France	6.45863	6.59576	-0.00467	2.12	0.00	-18
NON ERM MEMBERS						
Greece	295.269	305.592	+0.199	3.50	-1.33	-
UK	0.793103	0.715142	+0.003052	-9.83	13.26	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5947	0.5960	+0.0010	0.5960	0.5921	21,550	90,407
Jun	0.5970	0.5992	+0.0007	0.5991	0.5970	648	5,939
Sep	0.6012	0.6020	-0.0002	0.6020	0.6012	23	2,350

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6891	0.6888	-0.0006	0.6898	0.6854	16,037	47,799
Jun	0.6933	0.6952	-0.0008	0.6948	0.6933	212	3,111
Sep	-	0.7010	-0.0016	0.7010	0.7005	76	1,966

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8070	0.8104	+0.0036	0.8115	0.8044	16,750	77,813
Jun	0.8100	0.8192	+0.0021	0.8216	0.8100	516	3,589
Sep	0.8318	0.8318	-	0.8316	0.8316	166	624

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6232	1.6226	-0.0006	1.6232	1.6158	8,767	34,171
Jun	1.6150	1.6180	-0.0026	1.6190	1.6150	133	2,769
Sep	-	1.6200	-	-	1.6130	1	1,059

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
1.610	1.35	2.45	3.02	0.06	1.24	1.94
1.620	0.62	1.89	2.51	0.33	1.87	2.40
1.630	0.16	1.43	2.07	0.81	2.22	2.89

Previous day's vol., Calls 789 Puts 170 . Prev. day's open int., Calls 34,447 Puts 50,583

WORLD INTEREST RATES

MONEY RATES

February 14	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3⅜	3⅛	3⅛	3¼	3⅜	6.00	2.50	-
France	3¼	3¼	3¼	3¼	3⅜	3.10	-	4.75
Germany	3⅛	3⅛	3⅛	3⅛	3¼	4.50	2.50	3.00
Ireland	5½	5¾	5⅞	5⅞	5⅞	-	-	6.25
Italy	7⅜	7¼	7⅛	7¼	6⅝	8.25	6.75	7.41
Netherlands	2⅞	2⅞	2⅞	3	3⅛	-	3.00	3.30
Switzerland	1⅛	1⅝	1⅝	1⅝	1⅝	-	1.00	-
US	5⅝	5⅜	5½	5½	5⅝	-	5.00	-
Japan	½	½	½	½	½	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5⅜	5½	5⅝	5⅞	-	-	-
US Dollar CDs	-	5.13	5.20	5.20	5.32	-	-	-
ECU Linked Ds	-	4⅛	4⅛	4⅛	4⅛	-	-	-
SDR Linked Ds	-	3⅝	3⅝	3¾	3⅞	-	[illegible]	[illegible]

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Feb 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3⅝ - 2⅞	3⅛ - 3⅛	3⅛ - 3⅛	3⅜ - 3⅛	3⅛ - 3⅜	[illegible]
Danish Krone	3¾ - 3½	3¾ - 3½	3⅝ - 3½	3⅝ - 3½	3¾ - 3⅝	[illegible]
German Mark	3⅜ - 3⅛	3⅛ - 2⅞	3¼ - 3⅛	3¼ - 3⅛	3⅛ - 2⅞	[illegible]
Dutch Guilder	3 - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	3 - 2⅞	3⅛ - 2⅞	[illegible]
French Franc	6¼ - 3⅛	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	3⅜ - 3⅜	[illegible]
Portuguese Esc.	6⅜ - 6⅜	6⅝ - 6⅜	6⅜ - 6⅜	6⅜ - 5⅞	5⅞ - 5¾	[illegible]
Spanish Peseta	6⅜ - 6	6⅜ - 6⅛	6⅜ - 5⅞	5⅞ - 5¾	5⅞ - 5⅝	[illegible]
Sterling	5½ - 5¼	6⅛ - 6	6⅛ - 6⅛	6⅜ - 6⅛	6⅝ - 6½	[illegible]
Swiss Franc	1½ - 1⅛	1⅝ - 1⅝	1⅝ - 1⅝	1⅝ - 1⅝	1⅝ - 1⅝	[illegible]
Canadian Dollar	3 - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅛ - 2⅞	3⅜ - 3⅜	[illegible]
US Dollar	5¼ - 5	5⅜ - 5⅜	5⅜ - 5⅜	5⅜ - 5⅜	5⅝ - 5⅝	[illegible]
Italian Lira	7⅞ - 7	7⅝ - 7⅜	7½ - 7⅜	7⅜ - 7⅜	7⅜ - 6⅞	[illegible]
Japanese Yen	½ - ½	½ - ½	½ - ½	½ - ½	½ - ½	[illegible]
Asian $Sing	2⅝ - 2½	2 - 1⅞	3¼ - 3⅛	3⅜ - 3	3⅜ - 3⅛	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.71	96.71	+0.01	96.72	96.69	8,016	64,480
Jun	96.76	96.76	+0.03	96.77	96.73	11,648	48,834
Sep	96.73	96.73	+0.02	96.75	96.71	4,978	35,630

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.89	96.86	-0.01	96.89	96.84	27428	196146
Jun	96.69	96.89	+0.01	96.91	96.88	31881	177786
Sep	96.68	96.83	+0.02	96.94	96.81	23601	148968
Dec	96.69	96.69	+0.02	96.70	96.67	29050	167527

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Feb	96.81	96.79	-0.03	96.81	96.76	1613	11015
Mar	96.84	96.83	-0.01	96.84	96.83	2072	16172
Apr		95.89	-			0	2443
May		96.89	-0.01			0	3812

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.93	92.93	-0.01	92.96	92.88	17360	100613
Jun	93.46	93.48	+0.03	93.54	93.39	21355	85547
Sep	93.77	93.82	+0.03	93.87	93.70	7796	48694
Dec	93.95	94.01	+0.03	94.05	93.89	5261	34108

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.34	98.30	-0.03	98.34	98.30	5396	30264
Jun	98.37	98.33	-0.03	98.38	98.32	6772	34712
Sep	98.27	98.25	-0.01	98.28	98.24	2913	12984
Dec	98.08	98.07	-	98.11	98.06	2011	9073

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.46	99.46	-	99.46	99.46	135	n/a
Jun		99.43	-			0	n/a
Sep	99.37	99.37	-	99.37	99.37	242	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.93	95.94	+0.01	95.95	95.93	384	10734
Jun	96.03	96.02	+0.02	96.04	96.00	328	5682
Sep	96.01	96.02	+0.01	96.02	96.01	27	4084
Dec	95.95	95.98	+0.00	95.98	95.95	203	4761

* LIFFE futures also traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.48	94.51	+0.01	94.52	94.48	31,212	390,846
Jun	94.39	94.42	-0.02	94.43	94.38	61,974	384,240
Sep	94.28	94.31	-0.07	94.35	94.28	72,832	293,916

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	95.02	95.03	+0.03	95.04	95.02	1,634	5,219
Jun	94.95	94.95	+0.02	94.95	94.95	202	3,458
Sep	94.85	94.86	+0.05	94.88	94.85	34	921

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	CALLS Jun	PUTS Feb	PUTS Mar	PUTS Apr	PUTS Jun
9675	0.12	0.12	0.16	0.19	0.01	0.01	0.02	0.05
9700	0.01	0.01	0.03	0.05	0.15	0.15	0.14	0.16
9725	0	0	0	0.01	0.39	0.39	0.36	0.37

Est. vol. total, Calls 3365 Puts 1901. Previous day's open int., Calls 504097 Puts 301759.

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9850	0.03	0.10	0.15	0.23	0.27	0.40
9875	0	0.03	0.07	0.45	0.45	0.57

Est. vol. total, Calls 1025 Puts 0. Previous day's open int., Calls 5650 Puts 2835.

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9275	0.22	0.78	1.14	0.04	0.05	0.07
9300	0.07	0.57	0.93	0.14	0.09	0.11
9325	0.02	0.39	0.73	0.34	0.16	0.16

Est. vol. total, Calls 9312 Puts 4951. Previous day's open int., Calls 134746 Puts 81833

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Feb	CALLS Mar	CALLS Apr	PUTS Feb	PUTS Mar	PUTS Apr
0.595	0.16	0.67	0.99	0.27	0.71	0.98
0.600	0.05	0.48	0.77	0.60	0.99	1.20
0.600	0.01	0.33	0.58	1.09	1.33	1.51

Previous day's vol., Calls 3,153 Puts 3,138 . Prev. day's open int., Calls 42,547 Puts 26,421

■ OTHER CURRENCIES

Feb 14	£	$
Czech Rp	45.7581 - 45.8187	28.2370 - 28.2570
Hungary	282.243 - 282.498	174.170 - 174.220
Iran	4864.50 - 4861.50	3000.00 - 3000.00
Kuwait	0.4912 - 0.4918	0.3031 - 0.3033
Poland	4.9035 - 4.9748	3.0260 - 3.0310
Russia	9159.07 - 9167.96	5652.00 - 5654.00
U.A.E.	5.9480 - 5.9566	3.6705 - 3.6735

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Markets page in Monday's edition.

UK INTEREST RATES

LONDON MONEY RATES

Feb 14	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6½ - 3	6 - 5⅞	6⅛ - 6	6⅜ - 6⅛	6⅜ - 6⅜	6⅜ - 6⅝
Sterling CDs	-	-	6⅜ - 6⅛	6⅜ - 6⅛	6⅜ - 6⅜	6⅝ - 6⅝
Treasury Bills	-	-	5⅝ - 5⅞	5⅞ - 5⅞		-
Bank Bills	-	-	5⅞ - 5⅞	6 - 5⅞	6⅛ - 6⅛	-
Local authority deps.	6⅛ - 5⅞	6⅛ - 6⅛	6¼ - 6⅛	6¼ - 6⅛	6⅜ - 6⅜	6⅝ - 6⅜
Discount Market deps	7 - 6	6⅛ - 6	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	6-12 months
Certs of Tax dep. (£100,000)	2½	5½	5	5	4¾

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount on Feb 14 , 5.8416pc. ECGD fixed rate Stlg. Export Finance. Make up day Jan 31, 1997. Agreed rate for period Feb 26, 1997 to Mar 25, 1997, Scheme III 7.68pc. Reference rate for period Jan 1, 1997 to Jan 31, 1997, Schemes IV & V 6.409pc. Finance House Base Rate 6½pc from Feb 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.71	93.70	-	93.71	93.70	9997	104310
Jun	93.49	93.48	+0.01	93.50	93.47	13381	117602
Sep	93.30	93.29	-	93.32	93.29	8539	83952
Dec	93.16	93.16	+0.01	93.21	93.16	10110	56191
Mar	93.07	93.07	+0.02	93.11	93.05	2009	37847

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9350	0.22	0.14	0.18	0.02	0.16	0.37
9375	0.03	0.05	0.08	0.08	0.32	0.54
9400	0	0.01	0.00	0.30	0.53	0.74

Est. vol. total, Calls 3836 Puts 3050. Previous day's open int., Calls 197451 Puts 166077

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00		
Citibank NA	6.00	Julian Hodge Bank	6.00		
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

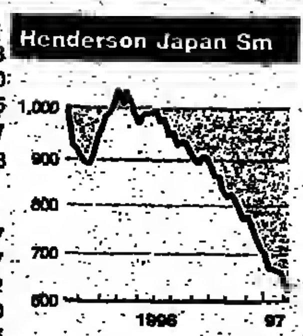
● Members of London Investment Banking Association
* In administration

UNIT TRUSTS

WINNERS AND LOSERS

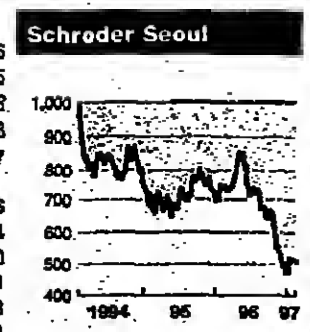
TOP FIVE OVER 1 YEAR	
Johnson Fry Slater Growth	1,553
Gartmore UK Smaller Companies	1,400
NatWest UK Smaller Cos	1,385
Jupiter European	1,347
Schroder Smaller Companies Inc	1,318

BOTTOM FIVE OVER 1 YEAR	
Old Mutual Thailand Acc	437
Fidelity Japan Smaller Cos	607
Save & Prosper Korea	612
F&C Japanese Smaller Cos	620
Henderson Japan Smaller Cos	626



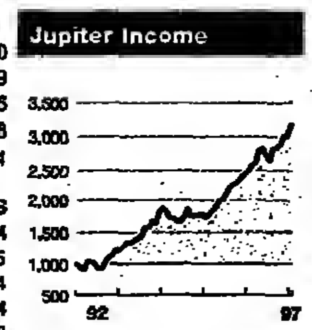
TOP FIVE OVER 3 YEARS	
Hill Samuel US Smaller Cos	1,966
Prolific Technology	1,835
PM North America Growth	1,813
Jupiter European	1,808
Framlington Health	1,777

BOTTOM FIVE OVER 3 YEARS	
Save & Prosper Korea	444
Govett Japan Strategy	510
Schroder Seoul	511
Old Mutual Thailand Acc	513
Fidelity Japan Smaller Cos	520



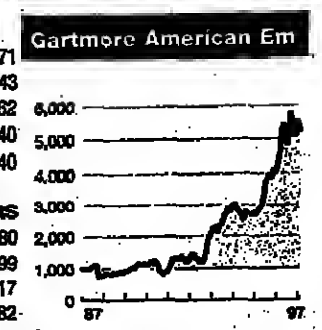
TOP FIVE OVER 5 YEARS	
HSBC Hong Kong Growth	3,920
GT Orient Acc	3,429
Gartmore American Emer Gth	3,356
Hill Samuel UK Emerging Cos	3,318
Jupiter Income	3,214

BOTTOM FIVE OVER 5 YEARS	
Friends Prov Japanese Sm Cos	714
Barclays Uni Japan Inc	755
Govett Japan Strategy	764
Fidelity Japan Smaller Cos	764
M&G Japan & General Acc	808



TOP FIVE OVER 10 YEARS	
Hill Samuel US Smaller Cos	5,871
HSBC Hong Kong Growth	5,543
Gartmore American Emer Gth	5,262
F&C US Small Companies	5,240
Gartmore Hong Kong	5,240

BOTTOM FIVE OVER 10 YEARS	
Barclays Uni Japan Inc	580
Mercury Japan	699
M&G Japan & General Acc	717
Waverley Australasian Gold	782
CU PPT Japan Growth	806



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

Indices

	1 year (£)	3	5	10	Volatility	Yld%
Average Unit Trust	1027	1125	1810	2401	3.4	2.6
Average Investment Trust	1117	1179	2111	2957	4.6	4.8
Bank	1032	1112	1221	-	0.0	4.3
Building Society	1031	1114	1229	1878	0.0	4.0
Stockmarket: FTSE All-Share	1178	1368	2057	3129	3.1	3.5
Inflation	1025	1068	1139	1538	0.4	-

UK Growth

	1 year (£)	3	5	10	Volatility	Yld%
Johnson Fry Slater Growth	1553	1753	2548	-	3.9	0.8
Jupiter UK Growth	1186	1621	2907	-	3.4	1.6
Credit Suisse Fellowship Inc	1151	1517	-	-	3.3	1.1
Perpetual UK Exempt	1146	1487	2790	-	3.0	2.5
Sanwa UK Growth	1122	1459	2072	-	3.3	1.8
SECTOR AVERAGE	1118	1247	1920	2435	3.2	1.8

UK Growth & Income

	1 year (£)	3	5	10	Volatility	Yld%
Fleming Select UK Income	1205	1405	2120	2753	3.2	8.5
Perpetual Income	1114	1368	2415	2977	3.0	2.9
Lazard UK Income & Growth	1112	1348	1943	2688	3.1	4.2
Prolific UK Blue Chip	1145	1341	2089	-	3.3	2.9
Gartmore UK Index	1162	1340	1922	-	3.2	3.2
SECTOR AVERAGE	1102	1216	1832	2592	3.1	2.8

UK Smaller Companies

	1 year (£)	3	5	10	Volatility	Yld%
Laurence Keen Smaller Cos	1252	1696	-	-	3.2	1.1
Gartmore UK Smaller Companies	1400	1688	2282	2836	3.5	0.3
AES Smaller Companies	1219	1635	2363	-	3.2	0.9
Schroder Smaller Companies Inc	1318	1531	2436	2698	3.2	0.7
INVESCO UK Smaller Companies	1210	1508	2495	2567	4.1	1.1
SECTOR AVERAGE	1145	1235	2042	2464	3.1	1.4

UK Equity Income

	1 year (£)	3	5	10	Volatility	Yld%
Jupiter Income	1180	1801	3214	-	3.1	4.3
Lazard UK Income	1142	1389	2155	3316	3.1	4.5
BWD UK Equity Income	1168	1354	2124	2725	3.0	3.6
River & Mercantile 1st Income	1114	1348	2206	-	3.1	4.1
Royal Life High Income Dis	1131	1327	2026	2324	3.0	3.8
SECTOR AVERAGE	1093	1184	1916	2644	3.1	4.6

UK Equity & Bond Income

	1 year (£)	3	5	10	Volatility	Yld%
Prolific Extra Income	1089	1235	1922	2563	2.7	4.5
Cazenove UK Equity & Bond	1106	1207	-	-	3.5	5.9
Guardian Balanced	1045	1197	-	-	2.1	4.6
CIS UK Income	1092	1190	1844	-	2.7	4.1
CU PPT High Yield	1125	1178	1910	2825	3.2	5.5
SECTOR AVERAGE	1068	1114	1760	2222	2.6	5.4

UK Eq & Bd

	1 year (£)	3	5	10	Volatility	Yld%
BWD Balanced Portfolio	1180	1405	2233	-	3.3	1.2
Perpetual High Income	1111	1311	2391	-	2.6	3.5
Credit Suisse High Income Port	1079	1294	2237	-	2.9	4.1
NPI UK Extra Income Inc	1117	1271	2168	-	2.7	3.6
Colonial Balanced	1111	1221	1989	-	2.9	3.9
SECTOR AVERAGE	1086	1213	1956	2573	2.8	3.3

Gilt & Fixed Interest

	1 year (£)	3	5	10	Volatility	Yld%
Thornton Preference Inc	1078	1206	1823	2383	1.8	8.5
Britannia Gilt & Fixed Int Inc	1059	1205	1375	-	1.7	8.2
Henderson Preference & Bond	1094	1158	1589	2168	1.5	8.3
M&G Gilt & Fixed Interest	1106	1146	1443	2035	2.3	6.7
Abtrust Fixed Interest	1180	1143	2218	2711	2.0	9.0
SECTOR AVERAGE	1056	1081	1462	2114	1.9	6.8

International Equity Income

	1 year (£)	3	5	10	Volatility	Yld%
Martin Currie Int'l Income	1072	1165	2059	-	2.9	2.9
GEM Dolphin Int'l Gth & Income	1063	1146	1802	1915	3.0	2.3
GT International Income	1018	1147	1953	2647	2.7	2.6
Mayflower Global Income	1009	1124	1851	1959	2.9	4.2
M&G International Income	1012	1116	1882	2540	2.4	4.3
SECTOR AVERAGE	1028	1093	1852	2157	2.7	3.4

International Fixed Interest

	1 year (£)	3	5	10	Volatility	Yld%
Baring Global Bond	1030	1116	1667	-	1.8	8.2
Barclays Uni European Bond Inc	1057	1103	-	-	1.2	5.8
Old Mutual Worldwide Bond Inc	978	1077	1434	-	2.0	4.8
Mercury Global Bond Acc	974	1070	1461	-	1.8	5.0
TSB International Income Incom	958	1052	1420	-	1.8	4.8
SECTOR AVERAGE	930	981	1360	1610	2.0	5.3

International Equity & Bond

	1 year (£)	3	5	10	Volatility	Yld%
Bank of Ireland Ex Mgd Growth	1065	1243	1947	-	2.5	2.9
Cazenove Portfolio	1046	1234	1906	-	2.2	1.6
Gartmore PS Long Term Balance	1088	1190	1937	-	2.8	2.6
NPI Worldwide Income Inc	1028	1185	1729	-	2.6	1.6
Baillie Gifford Managed	1045	1179	1738	-	2.8	2.7
SECTOR AVERAGE	1032	1113	1673	2226	2.4	2.5

International Growth

	1 year (£)	3	5	10	Volatility	Yld%
Prolific Technology	963	1835	3180	4905	6.2	-
Framlington Health	986	1777	2226	-	7.0	-
Save & Prosper Growth	1151	1443	2785	3613	3.4	1.8
Henderson Global Technology	912	1421	2371	4041	5.9	-
Scot Equitable Technology	1043	1407	2234	4054	4.4	0.6
SECTOR AVERAGE	1001	1080	1780	2224	3.3	1.0

Nth America

	1 year (£)	3	5	10	Volatility	Yld%
Hill Samuel US Smaller Co's	1169	1966	2733	5871	5.2	-
PM North America Growth	1079	1813	3014	4234	4.7	-
Edinburgh North American	1122	1716	2898	3204	3.5	0.6
Martin Currie North America	1104	1627	2446	2889	3.4	0.1
Royal Life United States	1102	1621	2741	3377	3.4	0.3
SECTOR AVERAGE	1052	1356	2078	2826	3.9	0.5

Europe

	1 year (£)	3	5	10	Volatility	Yld%
Jupiter European	1347	1808	3092	-	3.4	0.6
Baring Europe Select	1261	1745	2612	2828	3.5	0.8
INVESCO European Growth	1286	1660	2961	2901	3.7	-
INVESCO European Small Cos	1231	1616	2661	2720	3.4	-
Allied Dunbar European Growth	1233	1603	2589	2548	3.7	0.1
SECTOR AVERAGE	1108	1305	2023	2507	3.0	0.8

Japan

	1 year (£)	3	5	10	Volatility	Yld%
GT Japan Growth	847	888	1203	1529	3.3	-
Hill Samuel Japan Technology	726	881	1324	1617	5.7	-
Martin Currie Japan	784	828	1372	-	4.8	-
Murray Japan Growth	764	610	-	-	4.3	-
Schroder Tokyo Inc	750	785	1307	2058	4.7	-
SECTOR AVERAGE	687	659	1006	1171	4.9	0.2

Far East inc Japan

	1 year (£)	3	5	10	Volatility	Yld%
Abtrust Pacific	885	960	2066	3450	4.2	0.3
Govett Greater China	1090	956	2262	3172	4.5	-
Sun Alliance Far East	892	926	1787	1614	4.8	0.3
GAM Far East Inc	846	924	1784	3504	4.3	0.2
United Friendly Far Eastern	889	914	1596	-	3.4	0.5
SECTOR AVERAGE	869	828	1714	2251	4.2	0.6

Far East exc Japan

	1 year (£)	3	5	10	Volatility	Yld%
HSBC Hong Kong Growth	1280	1241	3920	5543	6.9	0.9
GT Orient Acc	1193	1157	3429	-	6.0	0.1
Henry Cooke Eastern Enterprise	1087	1130	-	-	5.0	0.2
HSBC Singapre & Malaysn Gth	1020	1116	2536	-	6.6	-
Credit Suisse Orient Acc	1031	1109	-	-	6.2	-
SECTOR AVERAGE	926	900	2285	3894	5.6	0.6

Commodity & Energy

	1 year (£)	3	5	10	Volatility	Yld%
M&G Australasian & General Acc	1141	1146	2097	1895	5.3	1.9
M&G Commodity & General	957	1112	2023	2458	4.5	0.2
Save & Prosper Commodity	905	995	1838	2327	5.6	-
Save & Prosper Gold & Exp'tion	821	991	2234	1389	8.5	-
Allied Dunbar Metals Min Comm	867	938	1348	1644	4.5	0.2
SECTOR AVERAGE	872	960	2070	1617	5.8	0.6

Best Peps

	1 year (£)	3	5	10	Volatility	Yld%
Jupiter European	1347	1808	3092	-	3.4	0.6
Johnson Fry Slater Growth	1553	1753	2548	-	3.9	0.8
Baring Europe Select	1261	1745	2612	-	3.5	0.8
Gartmore UK Smaller Companies	1400	1688	2282	-	3.5	0.3
INVESCO European Growth	1286	1660	2961	-	3.7	-
AVERAGE UT PEP	1095	1217	1920	-	3.0	2.9

Money Mkt

	1 year (£)	3	5	10	Volatility	Yld%
Newton Cash Acc	1044	1138	1264	-	0.2	5.2
M&G Treasury	1045	1137	-	-	0.1	6.0
Midland Money Market	1043	1136	1230	-	0.1	4.6
Lincoln National Cash	1038	1134	1250	-	0.8	4.7
CU Deposit	1043	1134	1259	-	0.0	5.2
SECTOR AVERAGE	1038	1124	1240	-	0.2	5.3

Investment Trust Units

	1 year (£)	3	5	10	Volatility	Yld%
Quilter Investment Trusts Inc	1123	1222	2346	-	3.4	0.6
Quilter High Inc Inv Tst Acc	1107	1185	-	-	3.0	3.8
M&G Fund of Investment Trusts	1059	1156	2072	3013	3.5	1.8
Singer & Friedlander Inv Ts Pf	1051	1135	-	-	2.7	2.4
Equitable Trust of Invest Tsts	1033	1115	2117	3116	3.0	1.2
SECTOR AVERAGE	1030	1097	1930	2525	3.1	2.2

Fund of Funds

	1 year (£)	3	5	10	Volatility	Yld%
Morgan Grenfell Managed Inc	1032	1227	1973	-	2.4	1.9
Schroder Managed Bal Acc Inst	1058	1217	1877	-	2.5	3.7
Sun Alliance Portfolio	1072	1201	1919	-	2.9	1.2
INVESCO Managed Acc	1092	1198	-	-	2.8	1.3
Royal Life Managed	1035	1182	1824	-	2.6	1.0
SECTOR AVERAGE	1016	1068	1895	2109	2.8	1.8

Financial & Property

	1 year (£)	3	5	10	Volatility	Yld%
Save & Prosper Financial Secs	1284	1602	3034	3698	3.5	1.1
Framlington Financial	1146	1391	2680	3590	2.6	0.5
Hill Samuel Financial	1191	1277	2568	3477	3.4	1.5
Edinburgh Financial	1146	1144	2272	2475	3.8	1.4
Norwich Property	1058	1110	1373	-	1.4	5.6
SECTOR AVERAGE	1137	1230	2166	3310	2.7	2.6

Global Emerging Mkts

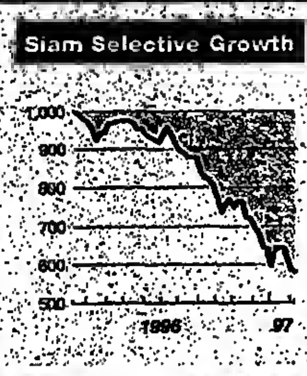
	1 year (£)	3	5	10	Volatility	Yld%
Stewart Ivory Emerging Market	1112	909	-	-	5.3	0.7
Mercury Emerging Markets	1070	900	-	-	5.9	0.1
City of London Emerging Mkts	910	868	2730	-	4.6	-
Save & Prosper Emerging Mkts	959	823	-	-	5.8	0.4
Schroder Global Emerging Mkts	959	806	-	-	5.7	-
SECTOR AVERAGE	877	770	1872	-	5.5	0.4

INVESTMENT TRUSTS

WINNERS AND LOSERS

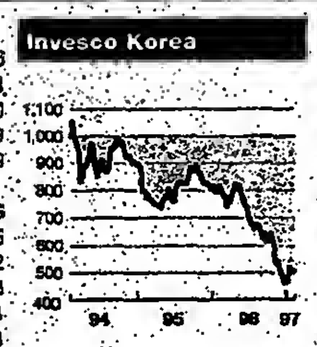
TOP FIVE OVER 1 YEAR	
English National	4,906
SR Pan-European	1,885
TR Technology	1,868
First Russian Frontier	1,712
Primadona	1,676

BOTTOM FIVE OVER 1 YEAR	
Perpetual Japanese	528
Fidelity Japanese Values	550
East German	552
Siam Selective Growth	580
Schroder Korea Fund	587



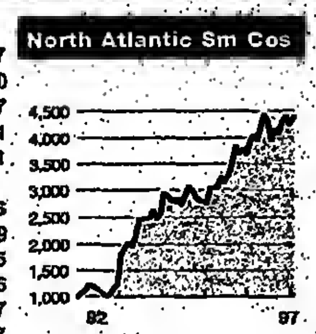
TOP FIVE OVER 3 YEARS	
TR Technology	2,556
Dunedin Enterprise	2,051
Thompson Clive	2,040
Candover	2,019
Kleinwort Development Fund	1,989

BOTTOM FIVE OVER 3 YEARS	
East German	395
Exmoor Dual Capital	442
Perpetual Japanese	448
Schroder Korea Fund	461
Invesco Korea	498



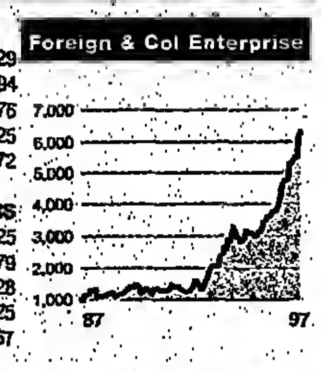
TOP FIVE OVER 5 YEARS	
TR Technology	11,507
Invesco English & Intl	5,920
MCIT Capital	5,417
Foreign & Col Enterprise	5,001
North Atlantic Smaller Cos	4,401

BOTTOM FIVE OVER 5 YEARS	
East German	329
Exmoor Dual Capital	505
Exmoor Dual Inc	596
Contra-Cyclical Capital	667
Baillie Gifford Shin Nippon	717



TOP FIVE OVER 10 YEARS	
Candover	10,729
Rights & Issues Inc	6,394
Foreign & Col Enterprise	6,276
Rights & Issues Capital	5,125
Kleinwort Development Fund	5,072

BOTTOM FIVE OVER 10 YEARS	
Newmarket Venture Capital*	625
Trust of Property Shares	879
Framlington Income & Capital	928
Baillie Gifford Japan	1,125
Jove Capital	1,167



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

UK General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Mercury Keystone	1142	1516	2671	0	4.1	2.7
Malvern UK Index	1203	1456	2127	0	4.0	3.4
Finsbury Trust	1224	1368	2840	12	2.3	2.2
Fleming Claverhouse	1267	1366	2148	2	4.7	2.6
Finsbury Growth	1139	1357	2275	7	3.0	2.6
SECTOR AVERAGE	1431	1281	2212	-	3.6	3.1

UK Capital Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Kleinwort 2nd Endowment Policy	1294	1490	-	-9	-	-
Kleinwort Endowment Policy	1193	1351	-	-7	3.3	-
Welsh Industrial	971	1214	3321	26	4.2	5.0
Ivory & Sime ISIS	1257	1202	-	27	4.7	-
Broadgate	1072	1101	-	11	3.9	1.7
SECTOR AVERAGE	1172	1231	2690	-	4.2	2.4

Smaller Companies

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
INVESCO English & Intl	1265	1783	5920	4	5.6	0.7
Henderson Strata	1182	1705	3115	0	4.5	0.4
Gartmore Smaller Companies	1473	1607	2157	6	4.3	2.0
Ivory & Sime UK Smaller Cos	1339	1566	2192	15	5.6	2.3
Perpetual UK Smaller Cos	1125	1544	2659	-1	3.9	0.8
SECTOR AVERAGE	1159	1184	2179	-	4.4	2.2

UK Income Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Morgan Grenfell Equity Income	1099	1291	2176	6	3.6	4.7
Value and Income	1210	1289	2730	-3	3.4	3.8
TR City of London	1131	1268	2065	5	4.2	4.2
Fleming Inc & Cap (Units)	1146	1215	-	8	4.0	4.9
M&G Income (Units)	1112	1193	1675	6	3.0	5.0
SECTOR AVERAGE	1095	1182	1998	-	4.0	4.7

Venture and Devt Cap

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Dunedin Enterprise	1470	2051	3698	5	3.5	3.8
Thompson Clive	1208	2040	4321	18	5.5	1.4
Candover	1389	2016	3203	-13	5.0	2.7
Kleinwort Development Fund	1181	1989	2766	16	3.8	3.2
Foreign & Col Enterprise	1627	1987	5001	5	4.3	1.1
SECTOR AVERAGE	1173	1482	2739	-	4.6	2.5

Int Income Growth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Murray International	1113	1311	2216	4	3.9	3.6
Securities Trust of Scotland	1144	1192	1869	9	4.0	4.4
British Assets Ordinary	1135	1092	1713	16	3.8	5.8
SECTOR AVERAGE	1116	1198	1933	-	3.9	4.9

International

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Personal Assets	1129	1523	2435	-	2.6	2.1
Second Alliance	1083	1292	1962	14	3.2	3.0
Scottish Investment	1093	1288	1993	15	3.6	2.8
Law Debenture Corporation	965	1288	2278	-10	3.9	3.1
Scottish Mortgage	1107	1276	2215	14	3.8	2.1
SECTOR AVERAGE	1070	1224	2061	-	3.5	2.7

Int Cap Gth

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Primadona	1676	1880	3701	-2	4.5	1.5
TR Technology (Units)	1301	1526	-	4	3.4	0.8
RIT Capital Partners	1101	1386	2876	16	3.8	0.8
English & Scottish	1031	1309	2256	11	4.5	2.3
Electric and General	1077	1300	2284	10	3.4	1.8
SECTOR AVERAGE	1090	1210	2167	-	3.8	1.8

North America

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
North Atlantic Smaller Cos	1091	1531	4401	7	4.3	-
American Opportunity	841	1378	1989	19	4.9	-
American	1147	1328	2232	16	4.7	2.0
Fleming American	1358	1282	2284	15	4.4	0.8
US Smaller Companies	1070	1209	1743	12	5.9	-
SECTOR AVERAGE	1072	1292	2530	-	4.9	1.4

Continental Europe

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR European Growth	1610	1950	3949	-1	4.2	0.7
Fidelity European Values	1199	1424	2732	2	4.3	0.2
Gartmore European	1137	1413	2660	2	3.9	0.6
Henderson EuroTrust (Units)	1180	1380	-	12	4.7	1.4
Martin Currie European	1250	1321	2027	6	5.6	0.8
SECTOR AVERAGE	1223	1339	2904	-	4.4	1.0

Pan Europe

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Kleinwort Charter	1246	1524	2531	14	4.5	2.2
European Smaller Companies	1095	998	-	16	4.1	0.7
SECTOR AVERAGE	1197	1260	2531	-	4.3	1.8

FE inc Japan

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR Far East Income	1003	1125	2521	-5	5.8	4.8
Martin Currie Pacific	980	1022	1694	8	8.3	0.7
Foreign & Col Pacific	612	942	1848	10	4.8	1.4
Govett Oriental	793	864	2138	13	4.9	0.5
Fleming Far Eastern	715	707	1443	16	6.1	0.6
SECTOR AVERAGE	861	932	1929	-	5.6	1.8

Japan

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Fleming Japanese	653	665	1156	6	5.9	-
GT Japan	715	655	1030	8	5.6	1.1
Edinburgh Japan	619	650	-	13	6.1	-
HTR Japanese Smaller Cos	640	612	-	10	6.6	-
Baillie Gifford Japan	627	597	815	13	5.9	-
SECTOR AVERAGE	653	590	930	-	6.0	0.7

Far East exc Japan, General

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Pacific Horizon	927	1197	2208	7	5.5	0.7
TR Pacific	915	1153	2920	2	7.9	0.2
Govett Asian Smaller Cos	1029	1009	-	14	8.6	0.3
Scottish Asian	880	987	3400	6	7.5	-
Pacific Assets	847	946	2183	9	7.8	0.3
SECTOR AVERAGE	903	979	2543	-	6.7	0.5

Far East exc Japan, Single Country

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
New Zealand	1079	1147	3688	-7	5.2	2.2
First Philippine	1097	1046	3381	12	6.6	-
Abtrust New Thai	679	888	1975	5	5.9	1.4
Siam Selective Growth	580	631	1600	15	6.3	0.5
Edinburgh Java	906	616	1193	21	8.3	0.8
SECTOR AVERAGE	749	705	1857	-	6.9	0.8

Emerging Markets

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Templeton Emerging Markets	1088	1064	2482	-3	6.7	0.8
Abtrust Emerging Economies	1011	672	-	17	7.4	0.6
Kleinwort Emerging Markets	879	821	-	14	6.2	-
Foreign & Col Emer Markets	935	800	2037	10	7.4	-
Govett Emerging Markets	960	795	-	13	7.7	0.3
SECTOR AVERAGE	1062	610	1789	-	7.4	0.6

Closed End Funds

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Capital Gearing	1223	1355	2212	5	2.9	0.1
London & St Lawrence	975	1097	1697	21	3.4	4.9
Scottish Value	1093	1001	2438	6	3.3	2.0
Exeter Preferred Capital	1035	938	-	30	4.2	0.5
New City & Commercial	1063	605	-	20	5.2	5.2
SECTOR AVERAGE	1073	1059	2116	-	3.6	2.5

Property

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR Property	1346	1052	1791	14	5.6	3.3
French Property	1150	856	1900	14	4.0	3.1
Wigmore Property	1401	850	-	14	6.1	1.7
Trust of Property Shares	1331	844	1616	16	7.2	3.1
SECTOR AVERAGE	1307	900	1769	-	5.7	2.8

High Income

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
City Merchants High Yield	1247	1261	2393	-1	2.8	7.5
Gartmore Scotland (Units)	1148	1257	1595	-	3.1	2.2
Dartmoor	1074	1230	1414	-4	5.8	13.3
Glasgow Income	1213	1082	1717	14	4.1	7.0
TR High Income	1050	1080	1665	12	4.5	6.2
SECTOR AVERAGE	1116	1067	1670	-	4.8	6.0

Split - Capital

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
MCIT Cap	1416	1920	5417	-4	4.3	-
Rights & Issues Cap	1175	1473	2539	12	5.5	2.3
Jos Holdings Cap	1179	1450	-	53	4.9	-
Aberforth Split Level Cap	1303	1432	2430	21	5.4	-
Derby Cap	1218	1391	2289	32	6.5	-
SECTOR AVERAGE	1171	1102	2023	-	6.3	5.3

Split - Inc & Residual Cap Shares

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
TR Technology	1868	2556	11507	20	9.3	0.9
SR Pan-European	1885	1561	-	3	-	3.2
Henderson EuroTrust	1232	1506	-	19	5.9	1.9
I&S Optimum Income	1287	1304	2081	6	6.7	10.7
Finsbury Smaller Companies	1086	1292	-	8	3.5	1.9
SECTOR AVERAGE	1224	1101	2557	-	6.2	10.1

Split - Income

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Rights & Issues Inc	1303	1821	3063	-	2.9	5.4
Derby Inc	1316	1614	1428	-	2.7	16.7
MCIT Inc	1356	1526	2241	-	2.8	11.0
M&G Recovery Inc	1396	1432	-	-	3.7	25.7
Jove Inc	1387	1395	2124	-	3.1	11.3
SECTOR AVERAGE	1197	1206	1471	-	3.1	15.2

Split - Zero Dividend

	1 year (£)	3	5	Dis/Pm(-)	Volatility	Yld%
Jupiter European Zero Div Pf	1108	1310	-	-	2.2	-
Jupiter Int'l Green Zero Pref	1134	1310	-	-	1.8	-
Henderson Euro Zero Div Prf	1103	1306	-	-	3.2	-
Schroder Split Fund Zero Div P	1123	1298	-	-	1.9	-
M&G Income Zero Div Pref	1110	1292	1860	-	2.4	-
SECTOR AVERAGE	1095	1261	1721	-	2.0	-

Unit trust results allow for the spread between buying and selling prices and assume net income reinvested. Investment trust results are calculated on mid-market prices with net income reinvested. Volatility shows the standard deviation of monthly price movements for each fund over the past 3 years. A fund's standard deviation describes the way these movements are dispersed around its average and is a common measure of volatility. A low standard deviation means the monthly returns for a given fund show little variation and the volatility is relatively low. A high figure represents a more volatile performance. Yields are gross. Bank index refers to Lloyds Bank 90-day monthly account and relates to an investment of £10,000. Building Society figure relates to Halifax savings account holding less than £10,000. Investment trust discounts relate share prices to net asset value. A negative figure indicates the shares are at a premium to net asset value. Discounts/premiums are calculated on underlying net asset values supplied by NatWest Securities. *Currently in voluntary liquidation.

UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	PEP avail	Savings Schemes avail	Charges outside PEP Initial %	Annual %	Other %	Minimum Invest £	Charges inside PEP Initial %	Annual %	Other %	Minimum Invest £	Special offer Discount	Period
Guinness Flight Hong Kong and China Trust														
Guinness Flight (0171 522 2100)	Far East ex Japan	No	Yes*	Yes†	5	1.5	No	1,000	2	1.5	No	1,000	Yes‡	March 3-16

The trust's aim is long-term growth. *trust held as non-qualifying portion. †Pep only. ‡likely to be 1-2 per cen

INVESTMENT TRUST LAUNCHES

M&G High income Pep														
M&G	SBC Warburg	Equity Income	No	£100	5%	Yes	Yes	100	–	£1,000	1%	£1,000	1.25%	closes March 7

A split capital trust comprising income, growth and zero dividend preference shares. Figures refer to a package, one of each.

Glossary

Peps: Some, but not all, unit and investment trusts can be put into a general personal equity plan which shields investors against both income and capital gains tax. The Pep rules are that you can put £6,000 into a general Pep (and a further £3,000 into a single company Pep). To qualify for the full £6,000 general Pep allowance, a minimum of 50 per cent of a plan's assets must be held in European Union shares or qualifying corporate bonds. A trust which has more overseas investment, but is still 50 per cent invested in shares, is non-qualifying and limited to a Pep content of £1,500.

Discount: Investment trust shares traditionally sell for less than their underlying asset value. The gap between the two is known as the discount. In the 1974 bear market, discounts were as wide as 45 per cent and although they have mainly narrowed to well under 10 per cent in recent years, they add an additional uncertainty to investment trust share price prospects. The sharp narrowing of the discount is another reason why investment trusts look better than unit trusts on longer-term comparisons.

Split capital trusts: Caveat emptor. If you do not already know what they are, you would probably be wiser to avoid them. They are companies with more than one class of share capital. The traditional variety is relatively simple: income shares get all the income; capital shares get any capital growth over the life of the trust. But nowadays splits are highly complex with several different types of security with differing rights, and aimed to satisfy different investment needs.

Authorised Unit Trusts

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of AUTIF §§

Initial charge: Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the buying price of units.

Buying price: Also called offer price. The price at which units are bought by investors.

Selling price: Also called bid price. The price at which units are sold back by investors.

Treatment of manager's periodic charge: The letter C denotes that the trust deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of action.

Exit charges: The letter E denotes that an exit charge may be made when you sell units, contact the manager for full details.

Time: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

Historic pricing: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

Forward pricing: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

Scheme particulars and Reports: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Association of Unit Trusts and Investment Funds, 65 Kingsway, London, WC2B 6TD.
Tel: 0171-831-0898.

The fund prices published in this edition are also available on the Financial Times' web site, http://www.FT.com

Weekend FT

Darwin still gets under the skin

His descendants claim he has an answer for everything. **Christian Tyler** reports

Sigmund Freud said that scientific revolutions occur in two stages: first comes the discovery, and then comes the cultural impact of the discovery. By this measure, Charles Darwin's account of the origin of species, published nearly 140 years ago, is still well short of fulfilling its revolutionary potential.

Whila Freud's own theories have had enormous – many would say undeserved – cultural impact, the real meaning of Darwin's remains undigested, misunderstood or ignored.

That, at least, is what his beirs say. Neo-Darwinists complain that while no biologist seriously doubts that evolution is driven by natural selection, the public refuses to swallow it. Some folk think Darwin's theory has been refuted. Others accept they have an ancestor in common with the apes but won't accept the consequences. So the theory is as controversial today as it was in Victorian Britain. Why should that be?

"It is a problem which I have been pondering for 50 years," says John Maynard Smith, a pillar of the neo-Darwinist establishment.

Many biologists talk as if there were a conspiracy. Stephen Jay Gould, the Harvard palseontologist and popular writer, says public perception has been "spin-doctored". He has written that evolution "still floats in the limbo of our unwillingness to face the implications of Darwinism for the cosmic state of *homo sapiens*".

Now, bowever, cultural antipathy to Darwin's legacy is being cballenged, by a small and missionary group of researchers on both sides of the Atlantic.

Including economists and other non-biologists they call themselves "evolutionary psychologists" and their aim is to bring biology back into the study of buman behaviour – to reinstate the monkey in man, but give him s buman face. According to the science writer Robert Wright, a leading spokesman of the new wave, the work of these pioneers will result in a "paradigm shift", a new world view.

And that, of course, is part of the problem. The cosmological revolutions of Copernicus, Galileo, Newton and Einstein may have relegated mankind to a dingy corner of the universe. However, like the modern mysteries of quantum mechanics or "chsos" theory they bave been technologically fruitful but largely irrelevant to our daily concerns. Darwin's revolution seems to strike at the core of our baing: it touches the Meaning of Life.

Darwinism offers no meaning of life, and its high priests can promise no salvation. Indeed, they take a grim pleasure in insisting on the bleak conclusion that we are nothing hut genetic survival machines accidentally dropped into a wonderful but purposeless world.

Popular resistance (if the scientists are right) can be explained in more specific terms. To begin with, there is a suspicion that we are not hearing the whola story.

The English language market for popular science writing, driven hy high-impact advertising and fat advance fees, is expanding as fast as the universe itself. But it is dominated by a handful of writers. One of them, Colin Tudge, complained recently that editors and TV producers are handing over the free market in information to a "coterie of scientists they perceive to be gurus".

Others complain that a lack of diversity means that popularisers are able to pass off as science what is no more than intelligent speculation. Tha Oxford biologist Richard Dawkins, whose *The Selfish Gene* has become a classic of the genre, confirmed the trend himself when he claimed that scientists had ousted clergymen and philosophers as the arbiters of interpretation.

Though Dawkins was careful to insist tbst science could teach us nothing abont moral values (we should resist all ancient texts, he said, whether DNA or the Bible) his confidance was unsurprising. Tolstoy found the solution to his mid-life crisis in the simple Christianity of tbe peasants. Today's tronbled soul is likely to seek refuge in New Age mysticism or the apparent certainties of science.

Then the rhetoric of much popular science writing is dubions. Evolution suggests no direction or purpose, no answers. But the language of neo-Darwinism is full of confusing motivational metaphor: not only Dawkins' "selfisb gene" hnt sucb words as "competition" and "self-interest", harking back to Herbert Spencer's ambiguous 19th century phrase "the survival of the fittest".

Even a moderate of the new school such as Matt Ridley can write that it does not matter to us why a man saves a drowning companion. He is "under the orders of his genes". It is the deed, not the motive, which counts.

"This language is quite out of control, this metaphor and malodrama," said the moral philosopher, Mary Midgley, formerly at Newcastle University. Sha accepts that morality is evolution-based but severely criticises attempts to rednca morality to biology, such as the statement of the American sociobiologist E.O. Wilson that morality has "no other demonstrable ultimate function but to keep human genetic material intact".

Some people, particularly in the US, still reject Darwinism on naive Creationist grounds. But today, according to Midgley, the real dispute is not between science and Christianity but between "reductionists and obscurantists".

Ridley maintained, however, that tha Church is still claiming a monopoly on the interpretation of the theory. For John Polkingborne, a former professor of mathematical physics and now an Anglican vicar, the theory of evolution is evidence not of blind chance, but of a continuing divine creation. Humans, ha adds, hava access to real facts and knowledge beyond those elaborated by science.

But perhaps the greatest obstacle to modern Darwinism is what Robert Wright has called its "largely sordid history of application to human affairs". Ken Binmore, an economist at University College London, says sociobiologists are still being attacked as "fascist dinosanrs peddling the eugenicist filth of the social Darwinists of Victorian times".

> **Discoveries include: men prefer younger wives and we tend to eat too much sugar**

Older scientists are acutely aware that the theory of natural selection (the "survival of the fittest") has been hijacked and distorted to justify imperialism, racism, euthanasia – and ultimately genocide.

Maynard Smith, who is old enough to have seen Hitler giving a speech in Berlin, says his sensitivity to the dangers of fascism was one reason why be left human behaviour alone and stuck to the sociobiology of animals. A similar sensitivity stops him – unlike Dawkins – from preaching atheism in public.

The political rumpus was revived by some of E.O. Wilson's more extravagant statemeots in the 1970s and more recently by geneticists who imply they can ideotify genes for intelligence, criminality, bomosexuality and other behaviours. For critics with leftist views, such as biologists Steven Rose at the Open University in England and Richard Lewoutin of Harvard, this "neurogenetic determinism" seems like a dangerous descent into the errors of the past.

Political coutext still matters. The collapse of old ideologies has left a vacuum in which new ideologies may thrive. The victory of "self-interested" capitalism over state socialism, the trumpeting of individualism over society, the tirades against the corrupting infinence of the welfare state, all would seem to draw scientific susteoance from a Darwinian theory of human nature. The free market and commercial competition can easily be presented as the embodiment of natural selection.

Evolutionary psychologists want to moderate all that. Although sociobiologists in fancy dress, and not without their own zealots, they are presenting a strenuously modest – and moral – face. They denounce genetic determinism as a tired old heresy and celebrate the fact that nature made us altruists (in the biological sense of the word).

Their objective is the territory occupied for 50 years by social scientists (who resent the intrusioo) and the last 100 years by social engineers who believed that human nature was profoundly malleable. They promise an antidote to political correctness, a rebuff to the cruder kind of feminism and a challenge to purveyors of "multiculturalism".

They teach that at some basic lsvel our bebaviour can be scientifically explained by our evolutioonary history: our affections and fears, our sexual preference, tribalism, love of status, notioo of beauty, our sociability, creativity and morality itself.

They predict – and claim some evidential confirmstion – that all cultures have beliefs and systems in common. Building on relatively recent work on animal societies – by W.D. Hamilton at Oxford and Maynard Smith among others – they claim to provide insigbts into those buman tendencies which we can modify only by conscious effort.

"I think it's a reflection of the age," said Geoff Mulgan, director of the London think-tank Demos and a recent convert to evolutionary psychology. "I would be wary of making political read-offs, but it certainly undermines the cruder notions of the past – that buman nature is either open to engineering or is composed of brute instincts that need to be kept in check by authority."

Other outsiders say the new movement cannot he jndged until it comes up with more concrete theories. So far, many of its "discoveries" have been unsurprising: that batterers of babies are much more likely to be stepfatbers than real fathers, tbat men prefer younger wives and women older husbands, that we tend to eat too much sugar and fat.

Given the enormous influence of education, example and experience in human development, the question is whether evolutionary psychology will be able to add much to what every doctor, advertising copywriter – or social scientist – already knows. As the writer and pundit Michsel Ignatieff observed recently, the more ambitious evolutionary psychology gets, tha more interesting it will be – and the more likely to be wrong.

Tbe new sociobiology wants to leave plenty of room for cultural factors. Wright says of the new paradigm: "A Darwinian world needn't be an amoral world." Maynard Smith extends a cautious welcome and hopes that biology and sociology will this time learn to co-exist. Bnt he wonders ahont the political agenda.

"We should not just accept moral beliefs but also tha need to convey these beliefs in poetic language," he said. "Humans do need myths, poetry and beliefs as well as scientific reason. You can be moved by *Macbeth*: it's irrelevant whether it really happened or not."

Perhsps cultural resistance to Darwinism is itself an evolutionary tendency which neo-Darwinists can explain. In the meantime, the layman's mistrust – of scientists, not of science – will not make a bloodless completion of Darwin's revolution aasy. Just as wa employ art critics to guide us through the jungle of aesthetics, perhaps we should create science critics to help us separate biological fact from rhetorical fancy.

Are there any unemployed philosophers out there?

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THIS WEEK'S CONTENTS

The Nature of Things

Einstein's baby is finally born

Atom lasers are a new solution looking for a problem, says Clive Cookson

Scientists in the US have built the world's first atom laser. Not the by-product of Star Wars research, but more likely to be used to make the chips at the centre of your television and washing machine in the middle of next century.

Just as a conventional laser beam consists of photons (light particles) tuned to an identical wavelength, the atom laser fires pulses of atoms (particles of matter) in perfect step.

The device, made by Wolfgang Ketterle and colleagues at the Massachusetts Institute of Technology, is a rudimentary prototype, with no immediate practical application. But atom lasers may eventually give scientists and engineers the ability to manipulate minute amounts of matter with a precision that would otherwise be impossible to achieve. They may turn out to be just the tool nanotechnologists need to lay down extremely fine structures in fields such as electronics.

No one knows how useful the atomic laser will be. Its likely applications are as difficult to predict as those of the first laser 40 years ago. Who would have forecast then that lasers would be used to read music off compact discs or scan bar codes at supermarket check-outs? Indeed, for the first decade after its discovery, the laser was regarded as a scientific curiosity, a "solution in search of a problem".

The atom laser makes use of an exotic new "state of matter", the Bose-Einstein Condensate (BEC), in which vast numbers of atoms lose their separate identities at extremely low temperatures and merge into a gigantic super-atom. Its existence was predicted in the 1920s by two great theoretical physicists, Albert Einstein and Satyendra Nath Bose, but it was not made until 1995, when scientists at the Joint Institute for Laboratory Astrophysics in Colorado managed to cool thousands of atoms of the rare element rubidium to a temperature just 20 billionths of a degree above absolute zero (-273°C).

To understand the nature of an atom laser, we have to invoke quantum theory and, in particular, the "wave-particle duality" which becomes apparent on extremely small scales.

Any particle also behaves as a wave. Photons are so tiny that their wavelike behaviour is always evident when physicists study beams of light. Atoms are far larger than photons, so they normally act as straightforward particles. However, close to absolute zero – at which all internal activity stops – the quantum waves of individual atoms spread out and overlap. The atoms lose their identities and behave as a wavelike whole, the BEC.

The MIT researchers created a BEC, a blob about a millimetre across containing several million sodium atoms, in an ultra-cold magnetic trap. Then they discovered a way to eject laser-like pulses of the BEC, by changing the magnetic field.

> Who would have forecast then that lasers would be used to read music

The final test was to make two separate atom lasers and let the pulses overlap. The result, published in the journal Science last month, was the classic interference pattern – alternating pale and dark stripes – of overlapping waves. Ketterle and colleagues had proved that their atom lasers were "coherent", just like a pair of light lasers with the same wavelength.

Atom lasers are, however, different from light lasers in several fundamental ways. For a start, the photons in the latter always travel at the speed of light while atoms in the former move far more slowly. Indeed, in the first MIT atom laser, the pulses drip gently out of the magnetic cage under the force of gravity, like drops from a tap.

Another limitation of the atom laser is the need for an ultra-cold starting material (achieved in only three laboratories, all in the US). And whereas a conventional laser can travel through air at atmospheric pressure, the atom laser requires a high vacuum.

Remember, though, that the atom laser is at the start of its development. Scientists will overcome many of its limitations. For example, they will be able to boost the atom laser's power and give it a stable, continuous output, though no one knows how this will be achieved.

Once reliable atom lasers are available, it should be possible to develop the atomic equivalent of the lenses that focus light beams. Then, any application that uses beams of atoms might benefit from the more sharply focused output of the laser.

The atom laser could be the ultimate printing device for ultra-thin lines, such as those required for micro-electronic circuits. Today, these are written by means of microlithography, a technique that uses a mask or stencil to control where light or atoms land on a surface, but they might be laid down directly with an atom laser.

Ultra-precise measurements are another likely application; atom lasers could, for example, make atomic clocks more accurate. Even more speculative is the idea of atom holograms, three-dimensional images made from matter instead of light.

However, the atom laser is most unlikely to be used as a weapon. Although the device has a somewhat Star Wars-like ring to its name, scientists can foresee no such aggressive application. For space battles, the light laser is far superior.

Minding Your Own Business

Snookered but not for long

Clive Fewins on the salvage of an antique and reproduction billiard table company after a devastating blaze

Life after the fire: Travers Nettleton's company is back on track with a little help from his son Tony Andrews

Travers Nettleton is unlikely to forget the significance of November 5 1996. The Berkshire headquarters of the antique and reproduction billiard table business he had built up over 10 years was reduced to little more than a pile of ashes. A fire resulted in the loss of 120 out of nearly 200 billiard tables the company had in stock, with overall damage amounting to around £1.4m.

"Some of the antique tables were worth up to £70,000, while some of the accessories – such as inlaid scoreboards in exotic woods with irreplaceable Victorian mechanisms – were more valuable than some tables," said Nettleton, 55. "It was almost like losing a family."

Fortunately the cause of the blaze at Sir William Bentley Billiards – an electrical fault – was quickly discovered and the insurance company accepted liability.

Nettleton has been a lifelong enthusiast of fine wood craftsmanship and old billiard tables have held a fascination for him since his youth.

Nettleton was in Africa when the fire occurred. He travels the world selling his company's restoration services and buying old tables, many of which may have originated in England up to 200 years ago.

He returned on November 10 to be greeted at the airport by his wife, daughter and son Travers junior, 24, who is his right-hand man. They told him that the company's headquarters of the past six years had been destroyed. The fire had smouldered for four days and destroyed the 15,000 sq ft main store and workshop in the converted agricultural building near Hungerford, Berkshire.

The immediate salvage operation and task of finding a temporary home for the workforce fell to Travers junior. He rented an industrial unit at Pewsey, 10 miles away, and set about completing a big order that had to be with the client the following week.

"I wanted father to know this job was complete and that production was back on the road. I knew he would be worried about this after getting over the initial shock," he said.

Nettleton said: "Once I knew there was no human injury the first thing was to look after the workforce. They have shown wonderful loyalty over the years and I was determined to keep them all employed.

"It was also a very testing time for my son, but he rose to the challenge."

A spare section of the adjoining farm building that is still used as a showroom was pressed into use as an office, while all the main production work was transferred to Pewsey.

Nettleton said he hoped production would return to its former site in mid-1997.

The company's newly installed computer system and database was destroyed in the fire and all paper records lost, but the Nettletons and secretary Sally McNaught-Davies were able to recall the order book.

"Another positive side was that our overseas customers did not know of the fire so we did not have a clutch of them phoning to ask if we would be able to fulfil our orders," Nettleton said.

> 'Once I knew there was no human injury the first thing was to look after the workforce'

"Once we had successfully completed the one urgent order we contacted other people on the waiting list. One man from the US, who had paid us a large sum in advance for a £70,000 table which we had completely renovated, was amazingly understanding when we explained that it had been lost in the blaze. He said he would be happy to accept a reproduction table at the same price, and allowed us six months in which to manufacture it."

Nettleton, who is a sole trader and the company's only director, hopes the financial implications of the fire will not be too long lasting.

"My private reserves and the insurance money should tide us over," he said. "The staff at Lloyds bank, which has been very kind to us over the years, were understandably not prepared to give me a loan as I was unwilling to offer any security.

Turnover for 1996-97 to the end of January reached a record £1.2m, as forecast, with gross profits estimated at £192,000. This compares with a 1994-95 turnover of £355,600 and gross profits of £71,000, and for 1995-96 gross profits of £121,000 on turnover of £606,000. "I will be surprised if in 13 months' time we will not be in an even stronger financial position," Nettleton said.

"Nevertheless, the fire was a great tragedy. Most of the stock that was destroyed was new or already renovated. Thousands of hours of original work has gone. Some of the tables were unique pieces of craftsmanship and had mechanisms that a clockmaker would be proud to have created. It was my personal collection I had gathered from all over the world. There were tables I had never been prepared to sell."

It is hoped that the success of the company's roll-over billiard/dining table and another with leaves that pull out before the height is raised by a winding mechanism, will enable further expansion. Both models are based on traditional designs with modifications to incorporate modern engineering.

"These reproduction tables are proving very popular in the US, although we have sold to 74 countries altogether," Nettleton said.

"The Americans still perceive the British as master craftsmen. Our US clients like to fly here and then charter a helicopter. However, until we get production going on the farm again we are not over-keen to entertain many of them here.

"In building these new tables to traditional quality and specifications we like to think we have rekindled some of the latent craft skills that exist in this country.

"When our many German customers admit that they come over here to see real quality it gives me enormous pleasure and new heart."

■ *Sir William Bentley Billiards, Standen Manor Farm, Hungerford, Berkshire RG17 0RB. Tel: 01488 681711.*

Gardening

Staying faithful to the wallflower

Give this old family of flowers a patient chance, says Robin Lane Fox

While you have been exchanging Valentines, I have spent the day among the wallflowers. After your Valentine experience, you may well want to join me. Wallflowers symbolise faithfulness after rejection in love. In my case, they symbolise faithfulness after years of a rather bad press.

Wallflowers tend to evoke the same reaction as dahlias. They are sometimes dismissed as part of an old style of formal bedding which we have all been educated to give up. They are thought to be too harshly coloured and too much bother. Who wants to fiddle around with plants which lose their lower leaves in the winter and are supposed to look their best by the hundred, arranged in blocks of colour?

But wallflowers can be dotted down in the bare spaces of a herbaceous border out of season and then removed without deep disturbance in mid-May, when the border is starting to grow away. I have blessed this advice since I first read it as it doubles the season of bare flower beds and does not require so many dozens of plants. A regular dotting of individual specimens will lead the eye down a border's length, especially if you extend them into the middle and central rows.

Wallflowers have had a very rough run of seasons lately because they hate the dry summers and autumns which check their growth. I have learned to water ours well into September to build up proper bushes. I have also learned not to move them until early spring on my light soil, where they otherwise dislike the drought before the Christmas frosts.

Mid-February is an unexpectedly good time to take the plunge with them. It does, however, run one troublesome risk. By now, wallflowers are bushy plants which are hard to lift and move in quantity with sufficient soil attached to their roots.

There are some good buys around among unsold wallflowers in small, country nurseries, but try to buy them for immediate lifting from open ground. If they have already been lifted and shaken clean, the bunches may be cheaper but the rate of survival will be lower.

Much the best effect comes from selected, single colours. I do not care for the usual mustard-yellow, which dominates most of the mixtures. The dark blood reds and scarlets are the best shades but the ivory white variety would run them close if only it was more vigorous.

In isolation, through the fresh green of emerging border plants, you would also like the unpromising Purple Queen. If you have a spare day for some impulse planting after lifting from open ground, you can attempt it at any time between now and mid-March. Some years it works better than others, depending on the weather.

Wallflowers look better scattered informally rather than in concentrated blocks. If you want a simpler life you should opt for the perennial forms. None of them is long-lived but they are offered nowadays in ever-increasing variety.

Vivid and scented, the Erysimum cheiri Maurice Nimmo

They all root remarkably simply from cuttings taken after flowering. Parent plants become untidy or straggly after two or three years. Cuttings are the way in which to multiply them for grander schemes and keep them alive indefinitely.

Until recently, we distinguished between *Cheiranthus*, which included subtler colours, and *Erysimum*, which included a purple and some fairly potent yellows. Now, they are all *Erysimum*, although the nursery catalogues have not all made the leap.

I suspect that uncertainty about naming is one reason why gardeners have been rather slow to pick up on this group's revival. Think of them all as perennial wallflowers which prefer dry, poor soil, and you can then leave the niceties to the legislating botanists. More than 30 different forms are now listed in Britain but I am already confident of my favourites.

Among the lavender-to-mauve range, the most famous is the strong Bowles Mauve, which grows vigorously to quite a height and is a strong companion for tulips. It is an excellent backbone but I prefer the colour of the lesser-known Mrs L K Elmhirst, which also has an excellent scent.

The vivid orange and yellow forms are too much for me but I am extremely fond of the multi-coloured varieties which are shaded with grey, yellow and purple in a charming kaleidoscope. Here, the winner is John Codrington, a fine memorial to a great gardener who had such an eye for planting and design well into his eighties.

His memorial wallflower is now widely spread through nurseries. When you see it on sale next month, take it on trust as an enchanting buy for a front garden, paving or a dry wall. Plants die back after two years but cuttings are easy. The natural pair for it would be one of the old double red forms like Bloody Warrior.

Stay faithful in adversity and give this old family of flowers a patient chance. Sometimes the winter hits them. Sometimes they resent transplanting. Sometimes the old varieties die before I have taken cuttings in reserve. They are, however, a source of one of the great scents of spring. It takes more than a brief change in fashion to dislodge them from British gardens, where they have been such favourites for nearly 1,000 years.

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PERSPECTIVES

Joe Rogaly

Small steps to perfect privatisation

Labour could make a difference with a long series of decisions on regulation, rather than outright restructuring

Britain's Conservatives developed privatisation, praise be. Labour could entrench it. This might seem topsy-turvy, but let me explain. Last week I argued that the sell-off of state assets was a Tory triumph. In flew a letter from John Harper. My article had "saddened" him. Privatisation and competition had had very much less effect than they were given credit for.

Mr Harper served as a senior manager in the telecommunications section of the old Post Office and then in British Telecom. He strikes one as a true public servant, the sort that is going out of fashion. We must respect what he writes.

It turns out that that is a book, to be published by Cassells next month. *Monopoly and Competition in British Telecommunications* shows that many of BT's achievements as a private company built on decisions taken before it was denationalised. Geoffrey Owen, a former editor of the FT, acknowledges this in a foreword. In the 1970s productivity growth in the state-owned monopoly was not much different from what was achieved after privatisation in 1984.

Sir Geoffrey also makes my original point, which is that denationalisation was a major policy achievement of the Thatcher government of the 1980s. He mentions deregulation in the same breath; I am perplexed about that. Reform of the regulatory regime is promised – or if you prefer, threatened – by New Labour. Some of it could be beneficial, could it not?

We shall see. First let us stick with Mr Harper's thesis. He does not call for putting the clock back, but questions the British policy of promoting competitive telecoms networks. He would prefer messages to be carried by a single regulated public utility. Competition would be among service providers. Cellphones would be free to operate as they do now. The conception is familiar to Americans. I suppose the British analogy is Railtrack owning the track, franchisees running trains, airlines planes.

This is precisely what Don Cruickshank, Britain's telecommunications regulator, argued against in a speech in the US this week. "I regard the provision of competing access networks as vitally important," said Mr Cruickshank. Mr Harper says that this has made it more difficult for competitors to break BT's dominance. Bouncing the ball back, you could say that competition between separate networks would do away with the need for regulation.

I am not qualified to judge between the Cruickshank and Harper strategies. An incoming Labour government should be. While Cruickshank has been emphasising his preferred way, Harper has been writing, and whispering in the ears of any politician who would listen.

Does his line stand a chance? Restructuring a privatised utility is not unprecedented, as any British Gas shareholder can tell you. Those of us who insist that the overall thrust of Lady Thatcher's policy was right should be willing to accept that there have been flaws in carrying it out. Still, it would be surprising if a Labour government confronted BT with a proposal to break it up.

Wait, you may say, what about the windfall tax? Labour's determination to impose this one-off levy was signalled yet again by the shadow chancellor this week. This will come if the people's party wins the election, and I will cheer it on – doubly so if the lottery operator Camelot is caught in the net. But the utilities are ready for it. They will yelp, but without credibility.

Restructuring would be serious. It devours or slices off whole chunks of a business. A windfall tax would be a gnat's bite. Changing the regulatory system falls in between. It could make a huge difference to the businesses. It is likely to happen under any Labour administration. At the extreme, the railways could be put under almost as much civil service oversight as if they had not been denationalised.

Let us cast this last picture aside as out of tune with the Labour leader's desire to be seen to have embraced the market. There is still plenty for the privatised boards to brood about.

The people's party would attach advisory councils to the regulatory offices now run by single individuals. They might meet in public. The party has spoken of the addition of consumer interests as a primary responsibility of the ladies and gentlemen who watch over monopoly utilities. It *should* designate environmental good behaviour as a similar grade-A duty. The famous pricing formula, inflation minus X, could be changed.

This pattern fits in with my preferred theory of how Labour might make a difference. Nothing immediate or dramatic need be expected, just a long series of relatively small decisions. Each one might be justifiable in its own right. Over some years, that could transform the scene.

Believers in private enterprise need not quail at this thought. The transformation would not necessarily be from a relatively light regulatory touch to quasi-renationalisation. It could be that the privatised utilities might become less unpopular if they are seen to be run with the public interest at heart. The Tory bequest would be secure.

Warlords of cultural restoration

The splendour in Samarkand is overwhelming but suspiciously shiny, says **Sander Thoenes**

Only in a dimly lit and stark, domed crypt, made of nothing but plain red brick, did I find shelter from the mind-boggling splendour above. When my eyes had adjusted to the dark, I noticed a marble slab at my feet, a modest commemorative to Amir Temur, better known as the brutal conqueror Tamerlane.

The cellar of the Gur-i-Mir mausoleum in Samarkand is probably the only trace of modesty Temur left behind when he raged across much of Asia six centuries ago.

In an octagonal hall on the ground floor, above where I am standing, Temur's grave is marked by a dark green block of jade, reputed to be the largest in the world. It rests on an onyx floor, a sea of green stone from Iran that also covers the walls, and is topped by a dazzling cupola covered in goldleaf and bright blue paint. Outside, a ribbed azure dome rises like a balloon above the brightly tiled façade.

It was not so much the superlative splendour that had overwhelmed me. It was more the sad realisation that I had arrived too late. Had I come just a few years earlier, I would have been looking at the real thing. Less splendid but real.

The two minarets and part of the façade outside, their clean yellow bricks in sharp contrast with the faded beige stones below, are brand new. The paint on the cupola's ceiling is fresh and painfully bright, the slabs of onyx are shiny and, in the corners, do not quite match.

"It looks like a bathroom," gasped Michael Lane, head of the Unesco office in Uzbekistan, with the pained look of a father who finds his son has spray-painted his 1933 Bentley.

"They didn't need to touch it. It looked fine as it was. It just looked old."

I could only sympathise. For a moment I, too, thought I had landed in the bathroom of one of the New Russians – or New Uzbeks in this case – the *nouveau riche* who struck it rich in the break-up of the Soviet Union and gained fame for their love of kitsch and glamour.

> 'It looks like a bathroom,' gasped the head of the Unesco office in Uzbekistan

In celebration of the 660th birthday of Temur, a Mongol warlord chosen to replace Lenin as father of this newly independent nation, Uzbekistan last year embarked on some of the more drastic and controversial restorations in modern history.

In a matter of months, thousands of construction workers have restored and even rebuilt parts of the famous Registan ensemble of madrasahs, Temur's mausoleum, the Bibi Khanym mosque and several other grand monuments he left behind in the city of Samarkand.

At Bibi Khanym, much of it a ruin for centuries, builders are working at a pace not seen since Temur's days, least of all in the Soviet era. They have every intention of continuing until the mosque looks just like new, even if that means discarding traces of the past.

"We did a grandiose job," says Ilkhom Rashidov, deputy hokim, or governor, of the region and a fan of Soviet clichés. "Samarkand received the Order of Amir Temur. One of the most active restorers was ordained Hero of Uzbekistan. The Samarkandi can be proud of guarding their heritage for 600 years. Gur-i-Mir has changed beyond recognition."

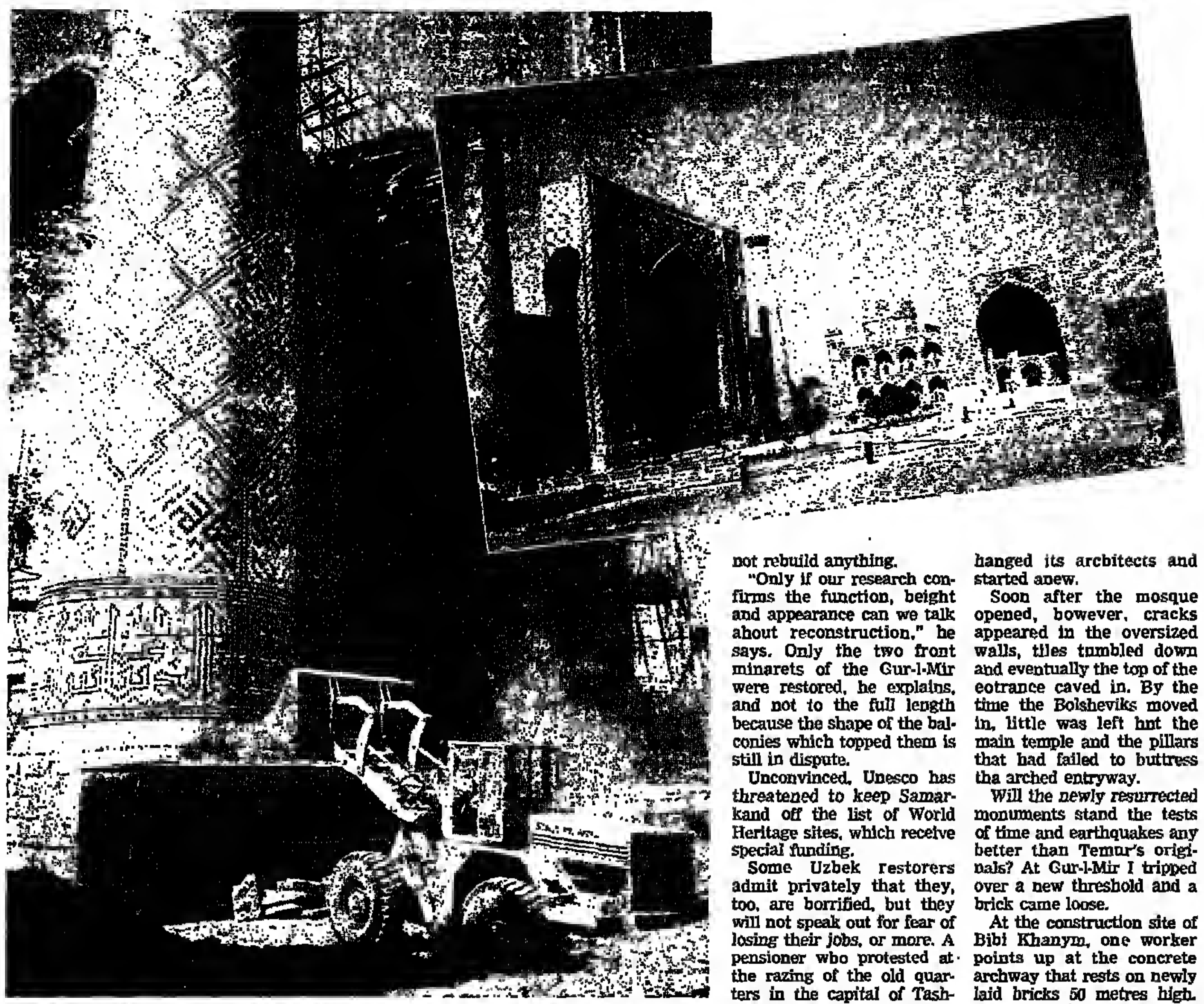
To Lane and many other Uzbek and non-Uzbek historians, that is exactly what is wrong with the restoration of Samarkand's monuments. To them, the rapid and drastic restoration, and especially the decision to rebuild monuments that have been ruins for half a millennium, amount to archaeological blasphemy.

"It's not all bad. There are good examples there," Lane hurries to say, fearful of insulting a government for which "touchy" would be an understated adjective.

"Many of these monuments were on the verge of total collapse. If they hadn't acted when they did, we would have nothing to talk about now. They would have disappeared," he says.

"We're not here to criticise. We're on their territory. But when part of the building has totally disappeared and you have no evidence of what it looked like, you would not be justified in rebuilding it from conjecture.

"When you are talking about monuments that are so important, they should be restored and conserved with enormous care."



Just like new: the Bibi Khanym mosque (above) and the restored Registan ensemble (above right)

This is cultural snobbery, as far as Samarkand's chief architect, Khabib Kayumov, is concerned. "There are a lot of different approaches to restoration, and they all have a certain validity," says Kayumov, behind a table that sports a broken tile from Gur-i-Mir, shaped like a sun and covered with flower patterns.

"And our restorers knew about all those methods. But every people have monuments that are the essence of their self-consciousness, and those should be restored completely and passed from generation to generation.

"You can't imagine the Kremlin in ruins either, can you? Or Notre Dame half built?"

Rashidov, the deputy governor, adds: "We often hear from foreign experts that it's better to conserve than to rebuild.

"But if it's possible to recreate what was there, for our descendants, for our people and their collective memory, it's better to rebuild. Ruins don't carry that historic weight."

He has a point. How many people see anything but a few toppled pillars at the Forum in Rome? As I stood in the centre of the Registan ensemble, squinting at the sun, I could easily imagine the fierce warriors of Tamerlane lurking in the shade of the balconies of the Tilla Kari madrasha. And was that Mir Said Berekh, his spiritual mentor, squatting in prayer in the Golden Mosque?

Then again, some tourists might feel cheated when they fly all the way to Samarkand to gaze at what look like Hollywood props.

Kayumov insists that extensive historical research has provided sufficient clues to justify the reconstruction, and points out that whenever it did not suffice, he did not rebuild anything.

"Only if our research confirms the function, height and appearance can we talk about reconstruction," he says. Only the two front minarets of the Gur-i-Mir were restored, he explains, and not to the full length because the shape of the balconies which topped them is still in dispute.

Unconvinced, Unesco has threatened to keep Samarkand off the list of World Heritage sites, which receive special funding.

Some Uzbek restorers admit privately that they, too, are horrified, but they will not speak out for fear of losing their jobs, or more. A pensioner who protested at the razing of the old quarters in the capital of Tashkent spent 148 days in the basement of the city jail.

The tight deadline for Temur's 660th anniversary, last October, left little time for discussion and study. Especially in the last months, construction workers laboured round the clock.

Temur, too, was in a hurry. He wanted to leave his mark on history, and he liked his marks big. In Samarkand, where he held court, hundreds of artisans captured on his campaigns rushed to build the giant Bibi Khanym mosque in just five years.

When he visited the site and judged the entrance gate too small, he tore it down, hanged its architects and started anew.

Soon after the mosque opened, however, cracks appeared in the oversized walls, tiles tumbled down and eventually the top of the entrance caved in. By the time the Bolsheviks moved in, little was left but the main temple and the pillars that had failed to buttress the arched entryway.

Will the newly resurrected monuments stand the tests of time and earthquakes any better than Temur's originals? At Gur-I-Mir I tripped over a new threshold and a brick came loose.

At the construction site of Bibi Khanym, one worker points up at the concrete archway that rests on newly laid bricks 50 metres high. "We built it too fast, too sloppily," he says. "Because we don't have enough skilled labourers we are using any old hand we can get. In 10 years we will have to do it all over again."

On an incline in the centre of town, an oversized bronze-coloured plaster Temur sits on his throne, his hands leaning on the sword that shed so much blood, his eyes set on the newer, brighter copies of his heritage. From afar his cruel eyes appear to approve.

But when I moved closer to his knees and looked up, I could not help but notice that his eyes appeared to bulge in shock, his eyebrows raised in indignation.

Dispatches

The poetry of an Irish pint

Kieran Cooke on an issue which brought tears to the eyes of strong men

When the price of a pint of stout went over 2/6d, my uncle declared enough was enough. "There is no pleasure left any more for the ordinary working man," he said, gloomily pushing the poker round the ashes in the hearth. "What's the use in drinking if you have to count the pennies all the time?"

The next day he took the pledge. Three months later, the price of a pint had risen to nearly four shillings. My uncle was mortified – and decided to start drinking again, saying the shock of the whole sorry business was too much for him.

There was an evening's embarrassment when he returned to his usual seat at the bar. "I felt like the fella who left for America but then missed the train on the way to the boat" he said.

However, soon the routine had been re-established and my uncle's bout of temperance was forgotten. Every Friday, Saturday and Sunday evening at 9pm he'd get up from the kitchen table, examine his pocket watch with a "Goodness me, is that the time already?" expression and take his brown trilby from the hook behind the door. "No need to wait up," he'd say each time he disappeared into the night.

Nowadays, Ireland's drinkers do not give in so easily to increases in the price of the national beverage. In Dublin a pint now costs about the same as a halfway decent bottle of wine in France. In The Old Chinaman, in the city centre, a pint of Guinness is I£1.80. At The Hairy Lemon, just around the corner, the same pint will set you back I£2.25p.

Seasoned drinkers say such prices are all the pocket can stand. Yet recently, ugly rumours started drifting through the city. Some bars were quietly adding another five pence to the price of a pint.

A formidable drinkers' lobbying machine sprang into action. Morning news bulletins carried tearful interviews with distraught tipplers. National newspapers splashed the issue over their front pages.

The furore was heard up and down the land. Forget membership of EMU, BSE and Northern Ireland. A line had been drawn on the bar room floor.

People were willing to sacrifice everything to stop another penny on a pint.

> People were willing to sacrifice all to stop another penny on a pint

Politicians, sensing the national mood, made an all-out assault on greedy publicans. John Bruton, the prime minister, was described as being apoplectic and threatened pub owners with an everlasting price freeze if remedial action was not taken. Other worthies, some of them confirmed teetotallers, joined in the assault against the bar trade.

Eventually, the publicans caved in. They accused the media of blowing the issue out of all proportion. Prices, like a settling pint, stabilised.

A bar stool commentator at Neary's, just off Stephen's Green in central Dublin, explained events to a group of tourists with all the gusto of a general describing a daring victory on the battlefield.

"The Germans fight for the Deutschmark. The Spanish take to the streets if the price of fish goes up. The Italians will do anything to preserve the right to drive a car. For us, the pint is sacred." (Here a pint was offered and gratefully received.)

"Once we can no longer afford to have a few pints of stout a night we might as well pack it in – declare war on Luxembourg and surrender immediately."

The tourists looked puzzled – and a little drunk. They had just finished a literary pub crawl round Dublin: five pubs, five pints and more than £10 out of pocket. "Why do you want to make war on little Luxembourg?" asked an earnest Austrian. "I don't understand about the Spanish fish," said a girl from Madrid.

The conversation moved on to a multilingual discussion about the merits of drinking large amounts of dark liquid each night. The Austrian pointed out that the drink seemed to have had a bad effect on his friend who had lost the literary trail somewhere and was last seen following a group of Icelandic shoppers into Marks & Spencer.

The bar stool decided it was time to end the frivolity. "As Flann O'Brien, one of our great wits, said: 'When money's tight and is hard to get/ And your horse has also ran/ When all you have is a heap of debt/A pint of plain is your only man'."

And my uncle is still drinking.

BOOKS

Soft focus on the 'mad, bad' poet

A biography of Byron dressed up in 1990s prejudices is risible, argues **Jackie Wullschlager**

Among literary lives, nons is more enthralling than Lord Byron's. He had evsrything – aristocratic glamour, sexual magnetism, peerless wit, political passions, an adventuring spirit. As the living model of his own Don Juan, he was the last, most sensational of the noblemen-rakes who died out with Victorian prudery in the 1830s. As one of the first champagne socialists – he thought only lobster and champagne acceptable for women to consume in puhlic – be lived fast bnt was fuelled by a fierce instinct for justice, and he ended his life at 36 in Missalonghi fighting for the Greeks against their Turkish oppressors.

He would have been famous had he never written a line, but his poetry was also the guiding light of European romanticism. His haughty, hrooding profile launched the term Byronic and defined for two centuries our idea of the Romantic hero. No wonder, then, that over 200 biographies have sought to understand him: like a classical mytb, Byron's is one of those lives which each age uses to interpret itself and its attitude to history.

George Gordon Byron was the great-nephew of a grandee known as The Wicked Lord wbose descendants were so wild that the direct line died out, and he inherited the title at the age of 10. Born in 1788 in a boarding bouse on the site of the present John Lewis department store in Oxford Street, he lived at first in genteel poverty with his mother. His father, exiled abroad for debt, acknowledged his existence *en passant* in s letter – "For my son, I am happy to hear he is well; but for his walking 'tis impossible, for he is club-footed" – and soon dropped out of view. Grosskurth makes much of Byron's lameness and this early desertion as encouraging his self-image of an outsider, and ss offering him proof – for hs imbibed Calvinism from his Scottish nurse – that be belonged to the damned.

Few young nobles were so hell-bent on self-destruction. Public funds were made availahle for his education at Harrow and Cambridge; hy 1808 he had run up debts of £12,000 (£30 was then a good year's wage) and fathered several illegitimate children. Then his poem "Childe Harold" appeared in 1812 and "I awoke one morning and found myself famous".

The darling of London society, he began a string of affairs with flamboyant Whig hostesses. Lady Caroline Lamh, notorious for sending him locks of pubic hair, hecame a scourge of vengeance when spurned for ths femme fatale Lady Oxford. With Lady Frances Wsbster at a house party, he played a *liaisons dangereuses* game of writing love letters while her hushand was in ths room.

But standard Regency philandering went off the rails when an affair with his married half-sister Augusta turned out to be the love of his life. Feather-brained and affable, steeped as she was in the Byron inheritance of instability, she understood and cared for him and suddenly found herself pregnant by him. She then hastened him into respectable marriage with a prudish bluestocking heiress, Annabella Milbanke. Byron's response was "The Corsair", about his love for Augusta; it sold 10,000 copies in a day in 1814.

"Bridegroom more & more *less impatient*", reported the friend entrusted with delivering Byron to the ceremony. He arrived a month late, the wedding cake was stale, and the "treacle-moon" a catastrophe. Confined in a small carriage with the snow falling outside, Byron addressed not a word to his wife for bours, then cried out "*It must* come to a separation". Soon he took Annabella to visit his sister ("*Now I have her*, you will find I can do without *you*"); within a year, after intolerable mental cruelty, the marriage broke down.

By then, rumours of incest were rife. Byron was cut dead in London society, and went into exile in Italy and Greece. His great poem "Don Juan", restless, quixotic, lyrical, absurd, vicious in its dismissal of cant, was the culmination of his life and work. "They hate me, and I detest them", he wrote to his publisber, "I mean your present public, bnt they shall not interrupt the march of my mind, nor prevent ms from telling the tyrants who are attempting to trample upon all thought, that their thrones will yet be rocked to their foundation".

Whsre did this energetic rage come from? Grosskurth's answer, that "all his life Byron lacked what for most of us is s fundamental need – a home ... some significant degree of nurturing, security, comfort, consistency and familiarity", seems to me a very *limited* late-20th century view. The severe failure in this book is Grosskurth's inability to set Byron in ths precise historical context which both created and limited bim.

As Peter Quennell wrote in his beautiful 1935 Life, "at any other period, Byron's energy – his greatest gift to literature – might bave found an outlet in war, princely dissipation, statecraft or the impassioned advocacy of soms particularly exacting religious creed. Coming as he did st a tims when the prospects just opened by revolution hsd been suddenly and brutally closed hy the forces of reaction, be was obliged to exercise his talents in the personal field. He wsnted power; and the reality of power was denied him. He wanted faith; but contemporary Protestantism could not provide the ascetic strain thst lurked deep in his nature with the encouragement it needed".

Byron was a worldly, early-19th century aristocrat; Grosskurth's attempt to fix him in 1990s middle-class shrink-talk ("It is doubtful if hs was even particularly higbly sexed" ... "Lady Oxford was also clearly a mother-substituts") is risible. Oh for a page free of his "single-parent family – with all its sttendant problems" or of the agonies of hride and in-laws enduring his delay "withont any telephone to forewarn them". Byron's style is sublimely elegant; oh for an editor who *had killed such infelicities as* "he had to take the bit between the teeth", and ponderous psycho-hites like "it cannot be ruled out that she *might* have *had* a *profound* suspicion that she was not truly loveable".

Here is a biography with little new to say, dressed up in the rags and tatters of 1990s prejudices. Grosskurth is humane to all parties, but her modern interpretations – that Annabella was jealous of Byron's literary success and wanted a dual-career family and some publicstions of her own, for instance – are absurd, and her reading of primary material is naïve. Byron's late affair with an Italian countess, for example, during which schmaltzty cavalier servente missives were balanced by cynicsl letters homa and ontpourings of love to *his sister*, is introduced by Grosskurtb *à la* Mills and Boon: "Hs was soon in fathomless love. For ten days the lovers lost in a *passion such as neither of* them had ever experienced before ... the afternoon shadows lengthened".

No one has summed up the sex-war batter than Byron: "Man's love is of man's life a thing apart/ 'Tis woman's whole existence". They should be lines of warning to any biographer who tries to soft-focus the poet on the psychoanalyst's couch.

BYRON: THE FLAWED ANGEL
by Phyllis Grosskurth
Hodder £25, 289 pages

An unmapped London odyssey

A.C. Grayling sees the city in a different light

A diary, a *notebook*, a miscellany, prompted hy walks through London, with London as its subject and *its object*, and with a thousand overlappings of art, literature, history, crime and the occult suggested by the plsces and psopla encountered on the way: this is Iain Sinclair's record of odysseys through London's many Londons.

It is not an inviting read; it is full of sentences without verbs, full of privacies and unfamiliarities which Sinclair is not minded to explain. It is s trackless, unmapped book for all that it records walks that follow a more or less definite route through London's strests. But it offers some wonderful descriptive prose, some acid aperçus, and a delicious dry wit. It is packed with information too, not a little of it arcane, and some of it unwelcoms: for example, news of the devastations caused to the living city hy its relentless inhabitants, from vandals to property developers and security men.

Sinclair prefers the river streets of the East End, the pavements of Hackney and Dalston, the lifs and struggle pushing up and against decay, to the febrile struggles on College Green or Downing Street's iron gates, where TV cameramen jostle to film men in grey suits. *His* instincts are on the grass-roots side, at odds with artificial order. And he is fascinated to the point of ohsession with alchemical, psychic, spiritual significances: with Alan Moore's Sir William Gull be says, "Do you begin to grasp bow truly great a work London *is*? A veritable textbook we may draw upon in formulating great works of our own! We'll penetrate its metaphors, lay bare its structure and thus come at *last* upon its meaning."

Sinclair's book is a contribution to such an exercise, but it does not claim exclusivity. Anything that mentions Dr Dee, Blake, Chatterton, William Stukeley – anything that would figure in a Peter Ackroyd excursus – is welcomed *as One of Us*; and this includes Aldan Dun's epic poem "proposing King's Cross as the epicentre for the spiritual rebirth of the city and the nation".

But it is not altogetber clear whether Sinclair takes mysticisms literally or metaphorically. Commenting on Patrick Keiller's film *London* he writes, "ha plants his camera at many heart-stopping viewpoints: riverscapes, Arcadian upstream prospects, sun-dappled inner-city courtyards. These allgnments were magnificently right (they agreed so closely with my private catalogue: locations where, visited at the right bour of the day, light affects time)."

If one loves a city, and if one knows its history – more accurately: its histories – as thoroughly as one knows its geography, the metapbors endowing it with occult personality make sense. They are metaphors, yet at times Sinclair suggests they are more. Explaining his dissatisfaction with St Paul's – "the humphacked dowager is too grandiose and self-satisfied, dominating the beights of Ludgate Hill like a baroque power-point" – he gives as one reason the view that "no vainglorious structure should be erected on a sacred mound". And Ludgate Hill is sacrsd; it is where Bladud, father of Lud, founder of a School of Mysteries, crashsd to earth at the end of his Icarus-like flight from Bath. It is the terminus of a psychogeography, Sinclair says, the "fitting conclusion to an occult map of the city".

This is an autobiographical hook, not just in the immediate sense of being the author's diary of walks and observations made during its writing, but in the wider sense: so, for example, Sinclair's London walks reach to the Isle of Wight, and to his boyhood introduction to cinema. (Characteristically, it was stills from famous films that captured his imagination wheo reading *Sight and Sound* in the school library.)

His vignettes of weird, marginal people – Sinclair seems fascinated by a certain controlled, low-key kind of strangeness and otherness: a shaman, a skateboarding graffiti artist, Jeffrey Archer – help *him* colour the contours of London's landscape in unexpected ways. The result is an exhausting but educative experience, which recalihrates one's sense of London, and makes one see it anew.

LIGHTS OUT FOR THE TERRITORY
by Iain Sinclair
Granta Books £12.99, 386 pages

Bladud, who crashed to earth after his Icarus-like flight from Bath

Saint for syphilis

Kieran Cooke on the virulent history of the pox

Poor St Joh must hsve drawn the short straw in the heavenly lottery for *good causes. For many* years the people of Europe invoked the name of Job to protect them against worms, leprosy and melancholy.

In *the later* years of the 15th century a terrihle, previously unknown disease swept across the continent. The great pox, now known as syphilis, had arrived. Once again, the long suffering Joh was asked to come to the rescue. The saint was quickly installed as patron of the hundreds of thousands who came in contact with this deadly new disease.

This meticulously researched and in many ways remarkable book tells the story of the pox in Europe and draws several parallels with modern day reactions to the prohlems of Aids.

According to the authors – two based in Cambridge and *one in Barcelona* – the pox first appeared in Italy in the mid 1490s, a century and s half after the Black Death had wiped out a third of Europe's population.

In the early stages of the disease victims were covered with sores and swellings, variously described as bolle, brozole and huboni. As the pox took hold, its victims presented a sorry sight. A writer in Bologna talked of men and women with features "gnawed away *as far* as the marrow." A Perugian merchant is described as being so "consumed by this disease between the thigh and torso such that it was possible to see everything inside his body."

The Black Death and the frequent outbreaks of plague that swept across Europe killed quickly. The pox, like many Aids cases, was a lingering, painful death. The urban poor were most affected. The authorities in Rome, Florence and elsewhere did not know what to do as the streets became cluttered with those suffering from this "strange and horrible" disease.

Meanwhile the medical practioners and scholars were hnsy apportioning blame. In 1494 King Charles VIII of France invaded Italy. The Italians were quick to point the finger at the French, naming the pox Mal Francese or, in Latin, Morhus *Gallicus*. The *French* responded hy insisting the disease, which in a few years was sweeping up through Germany and into France, as *Neapolitan in origin*.

Others had different theories. Both Jaws and Arabs, expelled from Spain in 1492, were readily available scapegoats. *Many* scholars insisted the pox could not possihly he European, hut had originated in the Americas (a plsce described as "weak and immature") and had been brought back by Columhus' sailors. One writer put forward the intriguing theory that the American iguana was the source of the pox.

"As in the outbreak of Aids, which because of its similarity has stimulated new interest in the *history of* syphilis, the question of the source of the disease is partly a cultural one, rising almost xenophobic belief that diseases always come from elsewbere."

The pox was thought to result from hlasphemy or an imhalance of hodily humours. Some saw the disease as part of a fundamental disorder in the cosmos, responsihle for a series of *disasters* which *marked the* end of the century.

One scholar said the disease was caused by "excessive warmth and humid intemperance *in the air*." This explained why the pox was sexual in nature: in copulation the genital parts become over-heated, whicb directed more humidity to a place already full of it. The cure was avoidance of all sexual intercourse.

The medical men recommended other preventitive measures and cures. These included rounding up all prostitutes, living underground for a long period and making patients sweat "into a hot furnace (furno calido) or s least a stove *(stufam)* for five days without any breakfast." A popnlar medicine among the few who could afford it was to drink a concoction made out of the shavings of a *rare* wood.

As the streets filled with the pox's helpless victims, the physicians in their universities *continued* to argue and theorise. Eventually, after nearly s century, the pox epidemic in Europe hecame less severe, over*taken* hy *other plagues* and disasters – and leaving the hard working St Job more time to devote to warding off worms and melancholy.

THE GREAT POX: THE FRENCH DISEASE IN RENAISSANCE EUROPE
by Jon Arrizabalaga, John Henderson and Roger French
Yale University Press £25, 368 pages

Hopeless drunk on an endless journey

Venedikt Yerofeev wrote his hleakly comic allegory *Moscow Stations* in 1969 while *working as* a telephone cable layer. Bnt he had to wait 20 years before it was puhlished in his native Russia, and then only in the journal *Sobriety and Culture*. Until 1989 it was availahle only as a samizdat manuscript, but despite its damning assessment of the Soviet Union in the Brezhnev era, there was never much prospect of Yerofeev becoming a celebrity dissident. The profoundly un-heroic *Moscow Stations* features no gulags, secret policemen or psychiatric wards – *just a hopeless* alcoholic on a train journey.

"A man doesn't just have a physical side, he's got a spiritual side, and beyond that a sort of a mystical side", explains the narrator as he lurches through the Moscow morning. "And here's me, in the *middle of* the Square, about to be sick any minute from all three sides". This disclosure comes just after an assurance from the Angels of the Lord *that he* could get a glass of sherry at *the station* buffet, and just before being thrown out of the station huffet for requesting one. Alcohol-inspired heavenly voices are nothing new to the narrator, tellingly called Venya Yerofeev, who is on his way to Petushki to see his girlfriend and young son.

It is said that the Russian career alcoholic will drink anything that *burns*, but *Moscow Stations* showcases drinking on a scale that makes Jeffrey Bernard look like an occasional dabbler in alcopops. Which soviet hero of the bottle first slugged sock deodoriser and made it a key element of a Lily of *the* Valley cocktail? Who discovered that anti-dandruff solution, brake fluid and insecticide would give ths necessary kick to a Dog's Giblet?

The tragic answer is that it was *probably* Yerofeev himself. Stephen Mulrine, in the translator'a forward, reports that the novel is almost entirely autobiographical. These cocktails are hased on fsct and hs even cites a lady friend of Yerofeev who was forced to hide her perfume whenever he came to visit.

Soon after hoarding the train to Petushki, Venya hooks up with a table of fellow drinkers to see out the journey. With the vodka pooled in front of them they tell each other almost perfectly inconclusive stories while imagining themselves, "just like in Turgenev, sitting around talking about love". We *hear of* Mussorgsky, "pig drunk in a ditch", and Chekhov demanding champagne on his death bed. Venya recalls an unlikely trip to a New York where there are no negroes, and to England, where he was refused a joh in the British *Museum because of the state* of his trousers.

As the ticket inspector comes round to collect a gramme of vodka for every unpaid *kilometre* (125 to Petushki) so things become increasingly hallncinatory. Venya confronts a sphinx as well as Satan and God. He also recalls his cable gang in Siberia who every month sent a *socialist* pledge *to* head office vowing to eliminate industrial injuries or to send every sixth worker on s correspondence course. All this despite there being only five of them who unfailingly played *cards all day* while sipping eau de cologne.

Frankly the novel didn't need s worker bashing him on the bead with a hammer – or indeed a peasant giri swiping at his balls with a *sickle* – *for us to grasp that* for the likes of Venya, the greatest experiment of the 20th century *had* gone spectacularly awry.

As the agonised soliloquy edges us towards Petushki, so Venya's physical and, *more particularly, spiritual* dislocation becomes complste. The train track becomes his Via Doloross and his tortured journey *ends* in a *savage confusion* eerily prefigured earlier in the novel when he imagines himself rehearsing all the parts of Othello, "I could'vs been *unfaithful* to myself, betrayed by my own convictions", he muses. "Suspecting myself of infidelity I would whisper some really frightful stuff into my own ear". Finally be would take hold of his own *throat*.

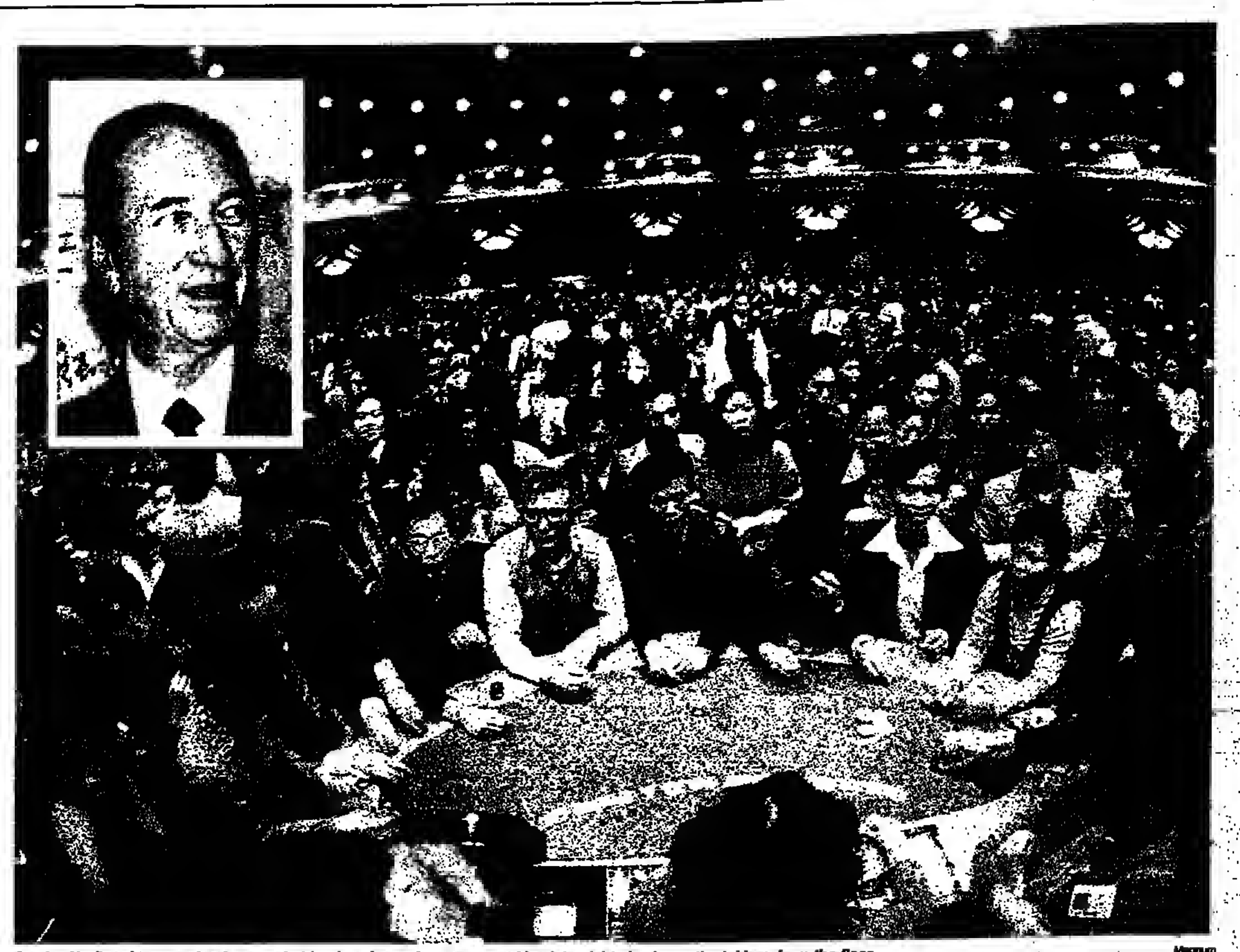
Yerofeev ths character is ultimately stabbed through the throat with a cobbler's awl. Yerofeev the writer, after completing maybe the definitive account of the *decline of the soviet empire*, did not live to see its end. In 1990 at the age of 51 be died, in a final shaft of savage irony, of cancer of the throat.

Nicholas Wroe

MOSCOW STATIONS
by Venedikt Yerofeev
Faber £14.99, 128 pages

Stakes are high for 'the biggest gambler on earth'

Macao's casino king is unperturbed by the clamour for a slice of post-colonial action, says **John Ridding**



Stanley Ho (inset) is not a betting man but he does keep close score, making late-night checks on the takings from the floor

Magnum

Stanley Ho may be the only person in Macao who does not gamble. Asia's casino king stays away from the baccarat and blackjack at tbe Lisboa Hotel, the flagship of a gaming empire which, with its swirling roof of golden lights, stands as a brazen monument to Chinese kitsch.

But upstairs in his office, elegant in his three-piece suit and a counterpoint to the hustling, hopeful, sometimes desperate throngs on the tables below, Macao's magnate reflects for a moment. "It is true I don't have time for betting. But really I am the biggest gambler on earth," he says.

Few would disagree. Billions of Ho's dollars have been invested in building a Monte Carlo on the shores of southern China. He owns or holds stakes in mucb of Macao – the hotels, the airport, the television network and the world's largest jetfoil fleet which ferries punters from Hong Kong to the Portuguese enclave. The tax he pays from their losses provides almost half the territory's hudget.

Nowhere is so much business power held in the hands of one man. And never have the risks seemed greater. After more than 400 years as a Portuguese colony, Macao is counting the days before its return to China in 1999. The gaming monopoly which Ho has held for 34 years is due to expire in 2001.

Ho is unperturbed. "China wants to sbow it can do a good job in Macao and Hong Kong," he says. Outside, in tbe twisting streets and aleepy squares, there are few signs of strain. Aftar its disasters in Africa, Lisbon is seeking a quiet colonial exit. There have been none of the rows which bave sbaken neighbouring Hong Kong, where Britain'a rearguard action and democratic reforms have riled Beijing.

A record 8m tourists arrived in Macao last year, though the breezy calm remains unbroken. Pastel houses survive intact, aafe from the cycle of destruction and construction which rolls through Hong Kong real estate. Where vice shows its face, it seems awkward, not threatening. Downstairs at the Lisboa, girlisb hookers circle like brightly painted carp, uncertain of whether to approach.

> 'Macao has become a little dangerous . . . that doesn't help business'

But there are rumblings of upheaval in the court of King Stanley. Amid the feeling of *fin de siècle*, there are signs of a fight for post-colonial action. And hehind the façada, the underworld has become more menacing.

According to Joao Severino, editor of the Macau Hoje, it started last year. While leaving a restaurant, a senior administration official and his companions were set upon, apparently hy triads.

Since that assault, the crime-sheet has lengthened. Most serious was the assassination attempt in late November on Lieutenant Colonel Antonio Apolinario, a rugged veteran of colonial war in Mozambique and one of the territory's top casino police. Although shot twice in the head by a Chinese pistol, he survived. Last month, a senior Chinese official was attacked with iron bars. This week, vehicles were torcbed in what was seen as a challenge to the police.

There are, say Macanese in the know, common threads running througb these crimes. New gangs have arrived from Taiwan, Hong Kong and China with new rules and naw methods. "There used to be just two gangs – the 14K and the Gasosa," says Severino. "They had an understanding. You hreak the rules, maybe you lose a finger. But the new ones, they shoot."

Gambling, too, has changed. Tbe bousewives and package tourists who feed the one-armed bandits, or alot machines, still crowd the floors. But the real action has moved upstairs, where high-rollers from the region and the boom towns across the border are ushered to private lounges.

At a seasoned 75, Stanley Ho has been around too long to be rattled by the unrest, but long enough to heed the risks. "People say that Macao is becoming a little dangerous," he says. "And this naturally will affect business."

After a long sequence of double-digit growtb, revenues fell in 1995 and 1996. Belt-tightening in China and the downturn in Japan were partly to blame. But so, he admits, was the security situation. Ho is more optimistic about this year and believes gang violence will be quelled. Armed police have been posted in the big casinos. As extra insurance, he has hired 50 gurkhas.

Triads, bowever, are not his only trial. Ho has taken big stakes in ambitious infrastructure projecta which, say sceptica, could become a herd of white elephants. The new airport is largely untroubled by aircraft and outside the Lisboa his most grandiose scheme is struggling for lifa – a HK$12hn (£954m) plan to build two lakes and reclaim enough land to increase Macao's size by one-sixth.

Such hold projects, says Ho, are necessary for Macao'a future. The airport, for instance, allows travellers to arrive direct – "with full pockets". But he feels their financial burdan. When his Chinese partners ran out of money for the Nam Van Lakes project he had to raise his stake.

Tighter curhs in Beijing have cooled the hot money which flooded across the border a few years ago, fuelling a real estate boom and bust. But mainlanders are still keen to flex their commercial muscle. A company backed hy China's ministry of state security, say locals, wants to try its hand in tha territory'a gaming industry.

"The real worry is that the Chinese will force their way into businass after 1999," says one industrialist.

Since local business is largely Ho's, that could threaten his winning streak. But interlopers underestimate him at their peril. Ho may not gamble, but he keeps close score, keeping late-night checks on the takings from the floor. He does not have mucb time for luck, but he makes sure the odds are on his side.

Lately this has meant securing his grip. And as befits a ballroom dancer, Ho has been quick on his feet in Macao's changing terrain. He recites with satisfaction reassurances gleaned from China's top man in the territory. "The existing entertainment industry [read casinos] should carry on for 50 years unchanged," said the head of the Xinhua Naws Agency. "This is a very special entertainment and no mainlanders should be allowed."

This is not to say that Ho's monopoly will remain intact beyond 2001 – nor that the magnate would still want to run it. But it suggests that he is set for the transition and has backing in Beijing.

He makes time to sit on the Beijing-backed committees which are steering Hong Kong back to the mainland, honing his contacts and flagging his loyalty. Ho has similarly succeeded in preserving Macao's gambling habit.

During the decades he has spent building his gaming business, be says, 12 governors have summoned him urging his help in broadening the territory's economic base. All have failed. Diversification, it seems, is a dirty word. Macao's future, ha is convinced, lies in gambling.

As for his own future, there is mounting speculation that Ho is preparing his exit. His daughters – Pansy and Daisy – are playing a bigger role at Shun Tak, Ho's Hong Kong shipping and property group. Reports that he is seeking more investments and a gaming licence in Canada suggest he may cash some of his Macao chips.

But Ho is not in a hurry. His fingers are husy riffling papers on the desk like a pack of cards being shuffled. They are not the hands of a 75-year-old. And for now, at least, they are not about to let go.

Lunch with the FT

Making conversation with the baby man

Lucy Kellaway and Lord Winston talk ethics, TV and publicity over quails' eggs and a little bit of sole

Professor Lord Robert Winston stared out of tbe window at Chez Moi, a bourgeois French restaurant in Holland Park. "What are we supposed to be talking about?" be asked. "I can't remember." This was not a promising start. I explain that we were just meant to be having lunch and that we could talk about anything.

"Ah." Britain's most famous expert in reproductive medicine seemed satisfied with this explanation, and settled down to examine the menu. A nest of qnails' eggs sounded good, be said, and so did tbe fried sole. "Shall we have half a bottle of St Emilion?" he asked. I said: "Let's."

I, too, turned to the menu, realising that I had been staring at his moustache. A thick, dark oblong, I had last seen it on his television series, *Making Babies*. This was a riveting programme in which he, with compassion and humour, doled out fertility treatment to patients while they cheerfully talked to camera abont their damaged tubes and low sperm counts.

If Winston was confused about Lunch with the FT, it was not surprising given the state of his diary. That very afternoon he was double booked: meant to be in the Lords taking part in a debate and also at a meeting at the Hammersmitb hospital, where he runs the largest NHS fertility clinic in tbe UK. In addition, be was planning to write a speech to be given a few days later in Jerusalem that would trace all the contemporary ethical issues surrounding reproduction back to Genesis in the Bible.

"Think of Jacob and the sheep! It was tbe first genetic manipulation." He went on to explain; I did not quite follow.

Every day is like this; an act of juggling his patients, his research, his lectures, his political career (Tony Blair made him a Labour Lord last year) and his ideas for further TV series.

Why does he do so much publicity? "It is *not* self-promotion," he said. "Some of my colleagues think it is. But it genuinaly isn't. We live in a society that is deeply suspicious about science. We are not funding science enough.

"It is incumbent on scientists to go out of their way to explain and promote what they are doing."

The only other people wbo do this, be said, were Ricbard Dawkins, Steve Jones and Lewis Wolpert. "I don't have the fireworks of these men or . . ." be pauses, "*probably*, tbeir intellect. But I am working in a field that is important and that is why I maka myself available."

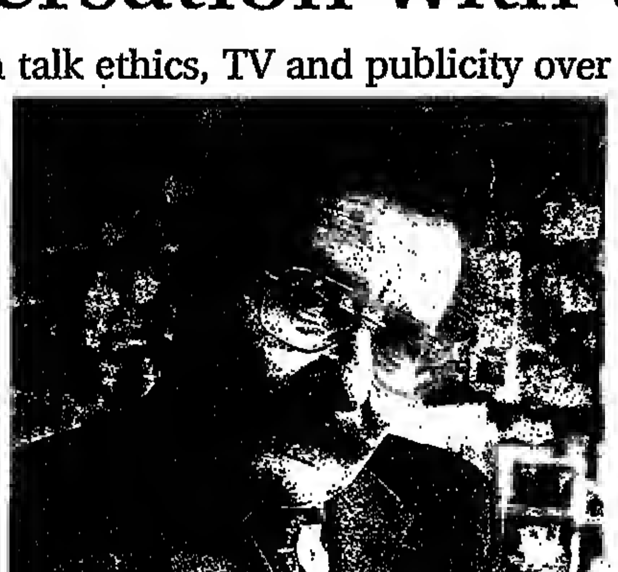
A waitress brought him his nest and me a frotby bowl of borscht.

We start to talk about the TV programme. With engaging indiscretion be tells me bow much he disliked one or two of the patients on it. "I didn't sbow it. There was one particular woman who never showed the slightest gratitude."

But do these women – who have suffered a lot – really have to be grateful to him?

"No," be softened. "Of course not. But when you go to great lengths and all they do is complain – it is bard to take."

I ask how upsetting he finds it having to tell so many women that they are unlikely ever to have children. "I beard myself saying on Desert Island Discs the other day that I didn't take it bome. But I suspect I really think about it more deeply than I care to accept. I find myself sometimes waking up at night and thinking – my *God – I handled that* badly."



Lord Winston, an expert juggler

Lydia van der Meer

This is at odds with the public view of the man who is so sure of everything. So sure that there is no reason to fear designer babies. So sure that an HIV positive patient is deserving of fertility treatment. So sure that it is acceptable to allow the abortion of one twin. So sure that Diane Blood should be allowed to use the sperm of her dead busband. So aure that it is right to screen fertilised eggs.

Are there any areas in this moral minefield in which he is in two minds?

He cut a quail's egg in half, and put it in his mouth. He stared out of the window again, in deep thought. "An area in which I am still uncertain is treating lesbian women. I don't know why I feel so ambivalent. All my reading sbows children nurtured by homosexual couples are not worse off. But I feel some concern about offering treatment on a routine basis. I hope xenophobia is not clonding my judgment."

He axamined his conscience for a minute. "No! I don't think it is. I don't think I have a negative attitude to homosexuals, but personally I cannot imagine anyone wanting to be homosexual."

As he talked he seemed uneasy. "I'll try to analyse my attitude. It's to do with the vulnerability of the technology we are using. It's *very high profile. The risks* we run in treating people who society deems unsuitable – that brings our work into disrepute wben we desperately need as much support as possible."

He added: "Don't you think it's a difficult issue?"

I said I did.

"It is these issues of what constitutes the family. I don't share the view that our family values are any worse now than they were in the 19th or 18th centuries."

So does that mean he disagrees with the increasingly moralistic strictures of his friend Tony Blair? I expect him to prevaricate, but Lord Winston is not a politician, and still says wbat be thinks.

"Yes. I think it is disappointing. It would be good to see a politician stand up and say society isn't that bad."

We start to talk about the House of Lords. "It's a curious place – a mixture of glamour and seediness. One of the things I find distressing is that each week both sides put out the most puerile information. I read this stuff and think: are tbey seriously expecting me to *use this?*"

I look at the plate of venison I had just been brought and ask him at what stage he thinks life becomes sacred.

"I genuinely don't know," he says. "I don't think the question has real validity. Lifa is part of a continuum. An embryo is not a person. It gains in the need for respect as it grows. It doesn't make sense to accord respect to the fertilised egg that has a one in aix chance of becoming a baby.

"The law bas got it right – no unborn child can be accorded the same degree of rights as someone born. It is right to sacrifice the unborn child to save the mother. That's not to say I would abort a 38-week pregnancy without feeling great concern."

These views do not make Lord Winston popular with the pro-Life group. "Pro-Life would be better sticking with moral arguments than these pseudo scientific arguments," he says scornfully. "Talking about the pain of the foetus! I find that bizarre." We are brought the pudding menu, which he glanced at. "I am inclined to just have coffee."

What would his own life bave been like if he had been unable to have children.

"Wow," he said, taken aback. "I suppose I would have been even more irresponsible than I am now." This did not have the ring of truth about it. Lord Winston is not irresponsible and surely does not see himself as such. More plausibly he said: "I think it's one of the best things I've ever done. Nothing compares with it, does it?"

Truth of the Matter

No longer right and wrong

People are more concerned now about the freedom to make moral choices, says **Philip Crowe**

"Men are by nature promiscnons," a friend declared. He made the statement witb sncb *confidence* that it seemed to be the fruit of personal experience. "Choosing not to be," be added "is what distinguisbes men from animals."

"Are women also promiscuous by nature?" I asked, and he said, with eqnal confidence, "No. They're not."

I repeated the conversation to a vivacious young woman, and she just laughed. "Women are as promiscuous as men," she said. "The only difference is that in the *past*, men were *free to* indulge tbeir nature, women were not. Now both are free," and she added, with a wicked glint in her eye, "you just wait." It was hard to tell whether she meant it as threat or promise.

In the early 1970s, I took part in a public debate with Mary Whitebouse, at a time when she was at the height of ber powers as the scourge of the "permissive" BBC. By a happy chance, a few days before the debate I discovered an advertisement published in Birmingham in the eighteenth century, whicb Mrs Whitehouse greatly enjoyed. It read: "Samuel Whitehouse has this day sold his wife, Mary Whitehouse, in open market, value one shilling, to take her *with all ber faults. Both parties* are well pleased."

It was a stark reminder of the days when women had no voice and no choice. When Samnel and Mary married, Mary was passed from the custody of one man, her father, into the custody of another, her husband.

The debate with Mary Whitebouse proved to be a parting of the generations. The andience consisted of a hundred or so people of all ages between 18 and 30. Mrs Whitebouse argued that actions are right or wrong, and that what is wrong sbould be prevented hy law. The audience was more interested in freedom of choice.

Safe and effective contraception, abortion, homosexual acts, *divorce, and the relaxing of cen*sorsbip, had all been accepted for most of their lives. They had all increased people's freedom of choice and the andience concluded, to Mrs Whitehouse's considerable dismay, that without such freedom there could be no moral choice.

A limerick, inclnded in the footnotes of a learned work of theology, runs "There was a young lady called Wild – wbo kept herself undefiled – by thinking of Jesus, and social diseases – and the fear of having a child." Safa and effective contraception has taken the fear ont of sexual relationships and has tberefore increased people's freedom to make moral choices.

It bas also, incidentally, *reduced the power of religious* institutions. Traditional understandings of right and wrong used to be buttressed by inescapable consequences, the ultimate being hell. If you needed to know what was right and what was wrong tbe church would tell you and would offer dire warnings of tbe conseqnances of wrong choices. The Pope and the Archbishop of Canterbury both still try in more modest ways to exercise that power. Neither seems to have realised that tbe ground has shifted beneath their feet. People are no longer interested in right and wrong. They are more concerned about whether actions are good or bad.

The Roman Catholic Churcb continues to insist that artificial *means of birth regulation are* wrong. Hardly anyone listens. Whether it is right or wrong no longer matters. Most people believe that birth regulation is good, and that because it increases people's freedom, it also invests moral choice with more genuine responsibility. It is not difficult today to discern what is the one dominant moral principle. It is the sacredness of individual freedom and the sanctity of personal choice. This is clearly apparent in the two most acute moral dilemmas, concerned with the beginnings and the endings of life.

Informed consent is the key principle in tbe discussion of what is known as human assisted reproduction. If a man *or woman* makes an *informed* personal choice about the use of their reproductive organs, then almost anything is possihle. Witbont that consent, nothing may he done.

The well publicised case of the widow who seeks to be impregnated with her dead husband's sperm, about which the Human Fertilisation and Embryology Anthority has to make a final decision at the end of this month, should *never* have arisen in the first place. Tha husband was unconscious when his sperm was taken and had never given his consent – such piracy will not be allowed again. If he had only had the foresight to give written consent before he died there would have been no problem, no agonising case and no publicity.

The argument about the ending of life, which will almost certainly win in the end, is that people should have the freedom to decida when their own life should coma to an end. What right does society have to intervene and prevent that exercise of personal freedom?

Without that freedom, moral choice is unduly restricted. Saying yes or no to something which is not allowed, or which is circumscribed by fear of the consequences, is meaningless.

I once saw a cartoon which would make a splendid Valentine's Day card. It showed a peacock, tail feathers fanned out in a great blaze of iridescent glory, saying rather crossly to its *mate, "What do you mean, NO!"*

Brideshead meets Lavender Hill

Philip Coggan on a hypocritical tale of an insurance sting that went wrong

It is a tribute to the cult of Princess Diana that even minor characters in the saga are felt worthy of a book of their own. Darius Guppy was merely a spear-carrier, or rather a ring-carrier, in the drama, heing the best man at the wedding of Diana's brotber, Charles Spencer.

Even this tangential connection with the monarchy might not have granted Guppy fame, were it not for the press's touching belief that someone who went to public school and Oxford is an unlikely candidate to commit fraud. Guppy pulled off an insurance sting in 1990, staging a fake jewellery robbery in New York, for £1.8m.

The tale might best have been turned into one of those US TV mini-series, a sort of *Brideshead Revisited* meets *The Lavender Hill Mob*, with ideally the young Sean Connery as Guppy and Hugh Grant as Charles Spencer.

As a book, however, it suffers from the authorial voice, full of incessant boasting and self-justification, and from a cover photo that seems designed to confirm any reader's prejudices about upper-class twits.

In his youth, we are told, Darius fended off school hullies, read *War and Peace* hy the age of 12 (he must have started when he was 9), and showed his rebellious streak by – wait for it – sneaking off from Eton to go to the pub.

Academic and romantic triumphs followed. While at Oxford, Guppy joined the undergraduate jet set in the form of the Bullingdon club and the Piers Gaveston society.

But our Darius was not seduced by the high life, as he is quick to tell us. He detested his first job, dealing bonds at a City bank, and made friends with the shoeshine boy rather than his fellow dealers. On the social front, he saye that "Deep-down I have always despised tbe world whicb, sadly I have too often come into contact with – a world of gossip, chit-chat, minor scandal and social competitiveness."

So disgusted was he, in fact, that the young Darius decided to devote the rest of his life to belping the homeless, in between trips to work with the starving in Africa.

Actually, I made that hit up. in fact, he started a gem-trading company, with the help of a tax subsidy under the Buainess Expansion Scheme.

The very first deal done by

ROLL THE DICE
by Darius Guppy with Nicholas Davies
Blake Publishing £15.99, 309 pages

Guppy and his partner, Ben Marsh, involved smuggling gems out of Colombia and into the UK, setting the pattern for events to come. Guppy's social conscience, it aeems, did not descend to paying the excise duties faced by the rest of us; rather like the US hotel queen, Leona Helmsley, he obviously felt that "taxes are for the little people."

Gem-dealing led to gold-smuggling into India and finally, to the insurance fraud, with Guppy and Marsh desperately seeking a means of saving their ailing company.

At this point, Guppy's self-justification, previously merely amusing, becomes annoying. He cites, as one of his main motives for the fraud, the desire to get back at Lloyd's of London, which had ruined his father, one of the investing "names" who provide the market's capital.

But who paid the bill for Guppy's fraud? In the end, it was the names again, people just like Guppy's dad. Either Guppy was too stupid to realise this, or, the more likely explanation, hia "revenge" motive was a smokescreen.

In the end, he was undone by the unreliability of those he had drawn into his fraudulent scheme, people who had not absorbed the public school code against sneaking on their pals. Indeed, Guppy finds much more to admire in his fellow prisoners – who have their own code of *omerta* – than in the respectable middle classes.

Near the end of the book he is appalled by the sight of the Conservative party conference with its "large numbers of eelf-righteous and complacent middle-class people . . . in a state of undignified excitement at Mr Howard's ill-thought-out schemes to lock prisoners up and throw away the key."

Apart from a dislike of Michael Howard, is there anything to redeem Guppy, or his hook? The section which deals with the planning of the robbery, its execution and its aftermath generates a good deal of excitement. And while Guppy no doubt irritated the authorities intensely, and his explanations ahout the missing proceeds of the fraud are unconvincing, there seems some justification behind his complaints about his treatment by the authorities.

The use of informers often has morally dubious consequences and once he was in prison, it is all too easy to believe that decisions about him were made on political grounds. His background did not entitle him to better treatment than someone else in the same position, but nor be should have been treated worse, just because the tabloids bad it in for him.

Brownie Wise, vice-president of Tupperware Home Parties Inc., standing before a mural entitled 'The Evolution of Dishes'

Brownie Wise Collection, National Museum of American History

Behind the net curtains

Life in the suburbs is not what it seems, writes **Colin Amery**

They were meant to be the best of all worlds. Those trim visions of tidy domesticity, rows and rows of identical houses hehind identical fences – each one occupied by a heterosexual couple with two and a half children and a Ford Cortina for the occasional escape. The suburban dream has shaped so many lives and yet it has never been very thoroughly examined. Roger Silverstone, professor of media studies at the University of Sussex, has edited a selection of views from "cultural critics" that show how central the suburh is to contemporary life.

The result is something of an all-purpose academic tome with too wide a range of subjects, from the history of the hungalow to frozen history tn Westchester County, New York.

What is clear is that the suburbs are not what they seem. It was George Orwell who described the "line of semi-detached torture chamhers where the poor little five-to-ten pounders quake and shiver, every one of them with the boss twisting his tail and the wife riding him like a nightmare and the kids sucking his hlood like leeches."

How often have those silent streets been the scene of hidden ohsessions and secret crimes?

Punk as a etyle was, according to Vicky Lebeau's chapter entitled "The Worst of all possible Worlds", invented in the suburbs as a reaction to tbe barely repressed aggression which is a lurking feature of suburban life. Chains, dog-collars and rubber T-shirts were apparently all invented and worn "as antidotes to the sadomasochistic unconscious of Bromley . . ."

VISIONS OF SUBURBIA
edited by Roger Silverstone
Routledge £45, 313 pages

Bromley in Kent seems to specialise in a kind of bedroom bohemia – it was, after all the home of David Bowie.

There is a whole range of reactions to the discontents of suburbia, but one of the most fascinating revealed here is the use of marketing to make the suburban housewife happy. The most extraordinary invasion of domesticity was the invention of the Tupperware party – an event thoroughly documented by Alison J. Clarke, lecturer in Design History and Material Culture. I had never heard of Brownie Wise until I read this book. She was the vice-president of Tupperware Home Parties Inc. and is photographed standing in front of a mural entitled, "The Evolution of Dishes."

The selling of plastic containers through a network of parties in the suburbs is now seen as a symbol of suburban lifestyles – indeed this academic essay firmly puts any irony in place when it tells the reader that, for many working- and lower-middle class women, "Tupperware offered an active form of non-radical feminism". The informal economies of the suburbs are a relatively unexplored aspect of a nation's fiscal affairs. Brownie Wise, until she was unceremoniously fired, understood that women at home were an untapped labour force and that selling could make their lives less lonely. As her anthem said at sales gatherings: "There are Oh! so many sensations / To enjoy with your relations / In the Tupperware family."

One of the contributors to this survey looks at the more predictable sensation: sex in the suburbs. She focuses on Australia – where Dame Edna herself has somehow made sex seem like an aspect of hairdressing. Australia, as seen nightly on television in Britain, is now the voice of the suburbs. The whole country seems to be the last bastion of the suburban values of the 1950s, and the last refuge of "snoh zoning."

The suburbs are still the middle ground. They will be the battle ground for the forthcoming British general election. John Major and Margaret Thatcher almost personified their values, until Tony Blair came along to be the apotheosis of Islington: new Labour, same old suburbs.

Politicians should read this account of the safe havens where most people have to live. There should also be a sequel about the lives of all those who have had the wit to escape from the monotony and suppression of the suburbs.

Lunch in the life of . . .

Nigel Spivey on a poetic memoir of Durrell the conversationist

In 1950 a journalist called Lillian Ross, writing for the New Yorker, spent two days in the Big Apple with Ernest Hemingway. Her brief was to write a "portrait". Her method was to tag along with Hemingway (and wife) wherever they went. From bubbles with Dietrich to buying a coat: all the tics of ordinary behaviour and parlance put on the record. Ross thought ehe was being "sympathetic". Her readers thought differently: "devastating" was the verdict. The big man was revealed to have very delicate feet of clay. Ross showed him puerile, weary, boring and alcobolic.

Bulky, hullying and snowy-bearded, Gerald Durrell was sometimes mistaken for Hemingway. Tbe good news is that Durrell bears the ordeal of parasitic portraiture rather better. The metbod used by David Hughes is essentially similar to that of Lillian Ross, only more protracted: and it is fair to label it "parasitic", because most of the hours spent by Hughes in Durrell's company were indeed passed at the table. Thus the painter not so much sketches as feeds off his subject. And how could he do otherwise, since for Durrell food and drink were not only sacraments of life, but essential acts of communion. Had Durrell and Hemingway ever met, and tested their rival constitutional powers of alcohol absorption, it is a moot point as to which of them would have proved doughtiest. But it is the duty of the parasite hiographer to at least try to keep up with the pace of sluicing.

As Hughes does. His first encounter with Durrell soon elided into a liquid lunch at Bertorelli's, when Hughes was in the vulnerably powerful position of acting as copy-editor to Durrell's quick-written and fast-selling accounts of adventures with animals. A key Durrellian cue for lubrication – "Time, I think, to press something to the left kidney" – to be uttered at any junction of the day from early morning onwards – became familiar to Hughes, as one lunch rippled into another. It was not long before Hughes, having forsaken the copy-editor's lot, proposed compiling a descriptive memoir along the lines of "days in the life of Gerald Durrell". Durrell agreed, Hugbes moved in, and a barrage of lunches followed, mostly in the south of France.

HIMSELF AND OTHER ANIMALS: A PORTRAIT OF GERALD DURRELL
by David Hughes
Hutchinson £15.99, 195 pages

That was in 1975, or thereabouts (chronology throughout this account is blurred in vinous fumes). The written result, as its author even then realised, was prolix and unfocused. Hughes put it into ohlivion: until 1995, the year of Durrell's death. Obituaries, and the appointment of an official biograpber, caused the retrieval of his manuscript. He edited himself pitilessly. The result is the alim, seven-day remembrance we have here.

It does not affect to give us the wbole Durrell. Hughes does not show signs of being other than indifferent to the animal kingdom. The gambolling companions of the Durrell menagerie – N'Pongo the gorilla, *et al.* – get barely any mention. One cannot resist saying that it was Durrell the conversationist, not Durrell the conservationist, whom Hughes loved. So it is never made clear what Durrell'e achievement was, in the environmental cause; wby, for example, Durrell's Jersey zoo remains virtually the only zoo tolerated by the anti-zoo lobby. The founding principle of Durrell's Jersey establishment was that it served not as a cabinet of curiosities, but as an ark – offering temporary shelter for endangered species, until it was safe for their return to natural habitat. Vignettes of the founder *en vacances* near Nimes, bending over in bathrobe and espadrilles to obeerve a hrigade of ants moving yesterday's discarded melon pips, do not quite convey the gravity of his mission.

"Like chipping away at the base of Everest with a teaspoon"; "trying to melt the polar icecap with a box of matches". Two quotes from Durrell picked up by Hughes are, of course, depressingly free from hyperbole. This is the futility realistically admitted by those who would conserve the planet in all its variety of flora and fauna. Enough to drive any caring friend of the earth to a regular hombardment of the left kidney. And of Durrell's Falstaffian consolation in food and booze, Hughes is an admirahle witness. As parasites go (and a book reviewer is of the number), he writes without unction. Moreover, he writes with a wry elegance that easily absolves his own sense of inadequacy when faced with Durrell's facility for filling a ream of foolscap before breakfast. This is a tender and poetic memoir of a prophet we should still heed.

ARTS

Sir Denis Mahon, champion of 17th-century Italian Baroque, in front of one of his paintings on show at the National Gallery

The scholar-knight

Susan Moore talks to connoisseur-collector Sir Denis Mahon

Sir Denis Mahon is one of the last great European connoisseur-collectors. Now 86 and tha acknowledged authority on Guercino, he has devoted his life to the study of Italian Baroque painting which, when he began in the 1930s, languished under a cloud of prejudice and grime.

With perhaps a handful of scholars, he has effected a transformation of taste. Through a series of books and exhibitions, the stars of the likes of Cuido Reni, Guercino, Domenichino and Carracci have risen again. Along the way, Sir Denis has amassed one of the world's most important collections of 17th-century Italian art. Since the 1950s, he has also engaged in battle any government which has tried to wriggle out of its financial responsibilities to the national heritage by encouraging museums to sell works of art, or introdnce admission charges. On various occasions he has prompted a rethink of policy regarding ths acceptance of works of art for the nation in lieu of tax.

In 1977 he resorted to shaming the government into action by offering £50,000 towards the cost of saving a Giovanni Bellini for the nation – on condition that the government match it. More often he has used the future of his own collection as a bargaining tool. Now, just as the Mahon paintings and some of the drawings go on show for the first time at the National Gallery in London, he has made public his intentions: the majority of works will go to museums and galleries in Britain – provided that none of them ever sell a work of art. The scholar-knight has thrown down the gauntlet again.

Why does he bother with art politics when he could be writing art history? "Someone has got to do it". There is also a sense of fairplay about his championing of the artistic underdog. If he had been born a century before, I asked him, would he have studied and collected the then unfashionahle Italian Primitives? "It's quite possible," he mused. "Their neglect was an injustice, and that would have been just the same."

His art education had begun when he and his father played the "attrihution game" in museums. At Eton, his rooms were covered with Renaissance reproductions hut, he says, "even then I realised it was nonsense to say the curtain came down in 1550 or so. If you accepted Rubens was a great man, as everyone did, how could you exclude Bernini or early Cuercino?"

He stayed up in Oxford an extra year to "sit at the feet of K. Clark", later of *Civilisation* fame, then the director of tbe Ashmolean Museum. Back in London during the 1930s, he attended the fledgling Courtauld Institute and took private tutorials with Nikolaus Pevsner, who went on to become Britain's most distinguished architectural historian.

It was Pevsner who suggested he work on the much neglected Guercino. "He enabled ona to clarify ths whole field and was very helpful advising one how to set about it. But of course you cannot learn to have an 'eye'. Perhaps at 86, one is allowed to say so, one just has one."

As a member of what he calls the "Irish Raj" – he is a grandson of a marquess and a scion of the Guinness Mahon banking dynasty (ha was knighted in 1986 for services to the arts) – Sir Denis was never obliged to earn his living. His father had wanted him to go into business. "If he were alive he would hava realised that ... I could have made far, far more through the fruits of my studies than I ever could have in finance." His collection cost him £50,000. Today it is conservatively valned at £25m.

At first ha had no thoughts of collecting. He hought Guercino drawings because "it was almost cheaper than having a photograph made – they were going for a few pounds." Whila in Paris to study Guercino drawings in the Louvre, he cama upon the artist's monnmental "Jacoh Blessing the Sons of Joseph" in a gallery window for the "relatively small sum of £120", and bought it.

Two years later he bought perhaps his greatest masterpiece, Guercino's "Elijah Fed by Ravens", from the Principe Barberini. The picture was documented, so Sir Denis went to the Palazzo Barberini and asked to see it. "It was eventually discovered in an attic on its side." In return for a few pictures, in 1934 Mussolini's government had agreed to break the entailment covering the Barberini-Corsini pictures which allowed them to be sold and exported. Sir Denis "snaffled" it for around £200.

On his return to Loodon, he felt honour-hound, as an hoorary attaché to the National Gallery, to offer it to tha gallery at cost price. "K. Clark came and saw it and said: 'That is a wonderful picture hut I haven't the faintest chance of getting my trustees to buy any 17th-century Italian picture for any sum.' And from then I started collecting. I saw it as a challenge."

After the war his huying became more systematic. "It seemed to me that these paintings were going for very small sums – I got some major pictures for under £100. I thought, what are the museums and galleries of this country doing? I knew these things would eventually be appreciated and sought after, and I did not like the idea of them all getting away (from Britain). So I thought I would do a holding operation."

One of many coups was the Cuercino "Cumean Syhil". Sir Denis spotted it in a tiny black and white advertisement in *Country Life* in 1954, described as "an 18th-ceotury painting of fine quality". His purchase of Guido Reni's enormous and lata "Rape of Europa" was possibly more a case of salvaging a painting. He hid 80gns for it at auction but his under-bidder was the frame-dealer, Arnold Wiggins, who presumably only wanted its wonderful Régence frame. "All Reni's money, so to speak, was in his colour," explains Sir Denis. "In late Reni the colour harmonies are pale and delicate, and the yellowed varnish killed them dead. I doubt whether he would have thought the canvas worth keeping." The 1954 Reni show was the first of a series of ground-hreaking exhibitions.

He stopped buying in the 1960s. "Prices started getting too much for me. I got one or two minor things after that in the early-1970s, hut I was clearly out of it by then." Anyone with less self-discipline would have continued, lowering their standards to buy less important pieces, for the collecting bug is hard to lose.

Sir Denis has just returned from Rome, taking a last look at an exhibition of one of his beloved artists, Domenichino. While there, he also took the opportunity of bending the ear of deputy prime minster and culture minster, Walter Veltroni. He suggested the Italian government might consider adopting ths British system of indemnifying works of art to ease the financial burden of major loan exhibitions. Once again, he raised the issue of reviving plans to allow the state to accept works of art in lieu of inheritance tax.

With his own exhibition about to open, he is caught up in the media circus once more. It is quite clear that at 86, Sir Denis is enjoying himself immensely.

"Discovering the Baroque: The Denis Mahon Collection", the National Gallery, London, February 26 - May 18.

Television/**Christopher Dunkley**

Pomposity ridiculed

Received wisdom on the subject of *Brass Eye*, the Channel 4 series pulled from the schedules hefore transmission in December by Michael Grade but now showing on Wsdnesdays, seems to be that Grade was right. Creator and presenter Christopher Morris, runs the argument, has gone too far in playing practical jokes on people for the sake of the cameras. His material is unkind, embarrassing, and beyond the pals.

Thongh cringe-TV has been with us since 1948 when *Candid Microphone* left American radio to go to television, and in Britain since *Condid Comera* crossed the Atlantic in 1960, and although we are all familiar with the tricks of *Game For A Laugh*, *Beadle's About* and the "Gotcha!" section of *Noel's House Party*, ths houndary has finally been crossed. Those previous series were a bit of a joke, hut *Brass Eye* goes too far and should not be permitted, it is said. The programme is condemned for daring to ridicule people as worthy, pleasant and well-intentioned as sitcom writer and animal rights defender Carla Lane, celebrity agony aunt Claire Rayner, and Conservative MP David Amess.

What Morris does is to invite people to discuss some supposedly new scandal or danger – the country being flooded with a terrihle new bright yellow drug called "cake", an elephant named Carla getting its trunk stuck up its own anus, organised weasel fighting – and then draw them into ever more extreme declarations of disapproval, opposition, and so on. Often we see them facing the camera on their own, explaining the details of this latest outrage. Rolf Harris obligingly told us all ahout a condition called "Czech Neck" supposedly indnced hy consuming "cake". It is plain in each case that the celehrity is not telling us anything from his or her own knowledge, but is merely parroting material supplied by Morris.

Having always found cringe-TV difficult to watch, I do find some parts of *Brass Eye* almost unhearahly embarrassing. Yet it is also screamingly funny. On its own this does not justify Morris's activities, though it makes his programmes superior to the Beadle-style series. Thers, powerless members of the public are the targets, and the defence is always that they took it in good part once the hoax was revealed. But what else can the poor punter do? At least Morris takes on people who are more famous and more influential than himself. What is more, last week (unless this was an elaborate trick) he even took the micky out of drug dealers on the London streets, pestering them for suhstances they had never heard of such as "Clarky Cat".

If yon had to attack some of these programmes it would surely be the Beadle variety which, solely for the sake of laughs, is cruel to people who never sought the attention of television. There is no redeeming purpose. What Morris's programmes do, brilliantly, is to show up the self-satisfaction of television. He highlights the self-importance of those who spend their lives on the box in the interviewee's chair; their glibness, their failure to question received truths, and the pomposity of so many "opinion-formers".

Above all be ridicules the asinina style of the whole husiness, from the wording of scripts to the gestures and ludicrous voice mannerisms of the presenters, from the insulting childishness of graphics and "swingometer" toys to the fake drama injected everywhere. Watching *Brass Eye* off tape, I switched by chance straight into a news programme and the styla was indistinguishable: the false urgency, illogical stress patterns, and continual portentousness.

Those who have heen hoodwinked by Morris tend to mount very high horses when the penny eventually drops. Noel Edmonds agreed to participate in the "cake" item. But later, realising that "Gotcha!" now applied to him, hs said, according to the Daily Mail, "It is beyond my comprehension that anyone thinks that drug abuse is a fitting subject for a joke". But the point is that drugs were not the joke: Edmonds was.

Huffing and puffing in The Observer after she had been mada to look silly, Claire Rayner said of those tricked: "What we all had in common, I believe, was a genuine concern for the welfare of our fellow citizens". That may be so, but the reason they now look absurd is that they share something else: a greed for the limelight which is so powerful, they will go to hizarre lengths to get it. If people were not so eager to join Rent-A-Cause, not so desperate to hear the sound of their own voices, if instead of saying "Yes! Yes! Me! Me! What time shall I be in make-up?" they were to try to learn something about the subject on which they are agreeing to deliver their opinion to the nation, then Morris would not be able to make his programmes. Nor would he need to.

Radio

Thesps and killers

The glummest moment of the week? The most lethargic, uncomprahsnding and gormless reading of G. K. Chesterton's *The Donkey* you could ever imagine, on Radio 4's *Poetry Please!* The presenter discussed the works with the actors, never a good idea, and mention of Cordelia in connection with the faintly adenoidal Allce Arnold evoked apprehension. Luckily she did no more than toss the idea of such labours aside; but she plods on in dowdy check-out giri tones through the late book, Pat Barker's *Regeneration*, in such a way as to make those who care for it reach for the off switch.

Not that thesps came ont of the week badly. Radio 2's *Mae West ... They Called Me Snow White but I Drifted* reminded us that the short, dumpy, myopic blonde was considered "too old, too fat, too seedy" before she made even her first film. Non-smoker, non-drinker, tight-fisted though a soft touch for charity, she re-emerged in her 70s to play a 29-year-old in *Myra Breckenridge*. "What did she look like at 77?" breathed one atarry-eyed worshipper to (rather unwisely) West's co-star, Raquel Welch. "Like a person of 77," replied Miss Welch pleasantly. Director Ken Hughes recalled *Sextet*, made when West was 80, as "a nightmare", when the stately if semi-mobile icon found it hard to walk and talk at the same time and one scene needed 75 takes. "I had a lot of time for ber," he mused. Of necessity.

The Kaleidoscope Feature, *T and V and Me*, in Radio 4's familiar book-plugging mode, questioned Blake Morrison ahout his new work prompted by the *Jamie Bulger* case. Commissioned to cover the trial, he has since been uneasy at ths issues it spawned. He even, he added plaintively in a phrase that bespeaks the true man of letters, took unpaid leavs to think about it.

Despite a portentous opening, the programme, steered by the excellent Sheena McDonald, touched on sensitive areas: child sexuality and self-awareness; Morrison's own hrave admission of some sort of physical arousal at his little daughter; and the nature of wickedness – can the killers ("they were little too") be evil in the sense that Ian Brady or Fred West or Dr Mengele were evil? And what of the 38 adults who noted Jamie's tearful Calvary to the railway lines and did nothing? The programme posed questions but claimed, in honesty, to give no answers.

The series *Document* which had started well with the story of letters discovered in a British junk-shop mirror recounting a Dutch family's ordeal under Nazi occupation, came a cropper with *They Kept Diaries*. The siege of Leningrad has been so exhaustively, and well covered on radio and television that this hreezy presentation – sieges are when "fat cats become lean tigers and the thin die early" – sound astonishingly maladroit and crassly insensitive.

The narrator's stilted attempt at a bouncy journalistic tone was aggravated by having actors' voices read over the original Russians, always irritating. One schoolgirl was represented hy a jaw-breaking cockney that was hard to understand. Evidently a future star of BBC poetry programmes. Given its exasperation quotient, the programme really wasn't worth the time: and was an unworthy tribute to the people of Leningrad.

Radio 3's immersion in Brazilian culture also floundered into monotony with the *Opera do Molandro*, an Anglicised production of the Brazilian version of the German adaptation of an 18th-century English ballad opera. Yes, *The Beggor's Opera*, or rather *The Threepenny Opera*, which at least kept "Mac the Knife". Otherwise the show dragged, weighed down with *Brookside* accents. Liverpool may be an acceptable symbol of the squalor of the Rio underworld but is lacking the glamour factor. But all praise to Mike Walker's adaptation of Graham Swift's *Last Orders*, directed by Jeremy Mortimer: the sensitive, earthy chronicle of the journey undertaken hy four Bermondsey hlokes to dellver an old friend's ashes to the sea off Margate. Fine acting, fine atmosphere, fine pacing, gentle movement between present and past, conversation and inoer monologuas ... averything radio does well.

Martin Hoyle

Just reward for young dancers

Clement Crisp *reports on a competition with a difference*

Tha world is full of ballet competitions. From Varna to Paris, by way of Helsinki, New York, and points east and west, young dancers are to be found flinging themselves about in the *Don Quixote* pas de deux with feverish energy and bright, tight smiles. Small Japanese girls spin so fast that you expect them to drill a hole in the stage. Optimistic youths involve themselves in *Le Corsaire* as in an army assault course. And there are outbursts of "modern" choreography that induce all the symptoms of claustrophobia – you have to get away from it while reason is still intact. Ballet becomes, for the most part, a sort of Olympic challenge. Artistry is lost amid the *fouettés* and the frenzy.

Of course, great artists have been found in these circuses: Makarova and Baryshnikov were winners at a time when the Soviet system needed to be seen to be a constant winner, but often the contest is gladiatorial rather than aesthetic. One among the many has always taken a different tack. This is the Prix de Lausanne which this year celebrates its silver jubilee.

Initiated by Phllippa Braunschweig – who retires from its presidency this year – it has been from the first concerned not with pot-hunting but training. Other competitions may be open to tough-looking birds whose careers are already made or hroken; Lausanne is destined for students in their mid-teens, and its rewards are not the puhlicity which will ensure flashy entry onto world stages, but scholarships and cash to allow a youngster to pursue further study at a major dance school: at a crucial time, distinguished teachers will guide and shape an artist from raw natural skill. The aim, as you may judge, is to encourage and help the young at a formative moment in their careers.

During the past quarter century, the Lausanne prize has helped launch many artists, and the list of schools which make places available for prize-winners includes the finest in the world, from the School of American Ballet and the Paris Opera Ballet School to the Royal Ballet Schools in London and Copenhagen. The jury is equally eminent: this year it included principal teachers from La Scala, from Beijing, New York, Monte Carlo, St Petershurg, Stockholm, Toronto, with Britain represented by Kathryn Wade, director of the English National Ballet School.

Conteatants offer two brief solos, one classical, one modern, during eliminating rounds. The disadvantage in this is two-fold: the young are unable to make sense of the "Great Moments with Petipa" which they propose as proof of their classical skill, while the "modern" items that I saw were ferociously bad, with the little innocents capering about as what I took to be acrohats, hookers and failed suicides. If Lausanne has a duty for the future – which is its noble aim in everything else – it is to provide original and decently made set solos in both categories.

This year's contest revealed no exceptional talent, but it was a pleasure to see young dancers in whom we could havs confidence. They have a future in the theatre, and because of the Prix de Lausanne, it will be a better one than they might otherwise have expected. As an incidental joy to the closing ceremony, Rosella Hightower – great virtuoso, great artist, principal ballerina of the Marquis ds Cuevas Grand Ballet in its tremendous post-war seasons, and someons to whom I owe many memories of superlative dancing – was honoured as a teacher and as a dancer, whose style was simple, nobie, wholly expressive. And those are qualities that the Lausanne contestants can ssek, thanks to the awards they receive.

ARTS

When is a film not a film? When it is a pizza with everything. So says Nora Ephron, and who would argue with the screenwriter of *When Harry Met Sally*, director of *Sleepless in Seattle* and onetime author of a bestselling novel. That was *Heartburn*, s high-piquancy *roman à clef* that mixed cooking recipes into its fictionalised account of the author's life and breakup with fellow writer and Watergate sleuth Carl Bernstein, her second husband.

Food conjoined with emotional vicissitude – It is Ephron's way of life, or way of art. Her new film *Michael*, opening in Britain next week, features an angel who smells of cookies, a giant bottle of milk and enough eating scenes to make the movie off-limits to anorexics. For Ephron, food is the most outward and visible joy in a world whose inward and incandescent joys include love, bumour and the ability to recycle pain into romantic comedy.

"It's about cynicism and love," she says of *Michael*, an angel-visits-earth story with which she herself fell in love in 1992. "Those themes weren't there in the original script (by Pete Dexter and Jim Quinlan). Bnt it seemed to me and Delia (her sister and co-adaptor) thet that's what it *should* be about."

So Ephron has earned the love of romantics and the wrath of emotiooal hardhats by turning a black comedy into a love story *cum* road movie. The angel Michael (John Trsvolta, terrestrisllsed with crooked grin and shopsoiled wings) bounces across America in a car with two bardboiled journalists (William Hurt, Andie McDowell), who are so delighted they hava 'canght' an angel for their tabloid paper that they don't realise he is helping them to fall in love.

Like Ephron's largest hit *Sleepless in Seattle*, *Michael* is hizarre testimony to ber Jekyll-Hyde artistic identity. Today she turns out bumanistic heartwarmers on screen. Yesterday she dipped her pen in acid to write essays for Esquire and to excoriate life with an egotist-writer in *Heartburn*.

She excoriates by experience. Her parents Henry and Phoehe Ephron brought up four daughters, all now writers, between authoring plays and screenplays themselves (including *Carousel*). "When we sat down to family dinners, we each had to relate what had happened to us during the day. It was very good training for a writer to make stories ont of wbat happened to you.

"My mother used to say, 'Everything is copy.' And sbe meant it. One day my sister got her head caught in the banister rails while peeking through them and had to be rescued by tbe fire brigade. Nine months later that was in a Jimmy Stewart movie. My parents wrote It into *The Jackpot* for an 8-year-old Natalie Wood."

Named after the heroine of Ibsen's *A Doll's House*, Nora Ephron went into the world armed not just with art-and-life precepts hut with an early schooling in feminism.

"It wasn't a word anyone was kicking around when I started writing (in the 1960s). But I and my sisters grew up very clear that the fate of the average American woman was to be avoided at all costs. Marriage and kids were fine, but they were not the answer to 'What do you want to be when you grow up?'"

Neither was doctrinaire feminism. Though Ephron was an advocate and sdvertisement for emancipstion in the workplace, she became caught in the crossfire between diehards and laissez-fairists when she wrote about her own rape fantasies. These fantasies she also lent to ber first indelible movie character, the title heroine of *When Harry Met Sally*.

Box-office heartwarmer: director Nora Ephron (centre) on the set of her latest film 'Michael', which stars John Travolta as an angel

Sharp social observer with a soft centre

Nigel Andrews talks to Nora Ephron, screenwriter and director

That comedy of sexual attitudes became a cult and one scene became a classic. Determined to convince Harry (Billy Crystal) that women habitually fake orgasms, Sally (Meg Ryan) demonstrates by letting cut a long, bloodcurdling moan of pleasure in a crowded diner. Everyone is impressed or aghast, including the woman customer who then delivers the funniest line in 1980s cinema.

"That's an example of a pizza with everything scene," says Ephron. "Everyone contributed. We already had the characters in the scene talking about the subject, but it was Meg Ryan at a read-through who suggested Sally do the orgasm. Everyone said, 'Great idea.' Then Billy Crystal said, 'I know. Wheo she's done having the orgasm, this woman in the diner says, 'I'll have what she's having.' And then the director Rob Reiner said, 'And I'll get my mother to play it.'"

Mrs Reiner and everyone else found instant immortality. But where *Harry/Sally*, like other early Ephron scripts (*Silkwood*, *This Is My Life*), suggested a sharp social observer with a mission to enlighten, recent Ephron enterprises have surprised us with their soft centres. The popular *Sleepless in Seattle* left cinemas littered with

> 'I think I've always been a big combination of cynic and romantic. I'm a big mixed bag of a human being'

damp Kleenexes as Meg Ryan (again) found love with Tom Hanks atop the Empire State Building.

"It was a comedy," Ephron insists, when I ask why this recycling of the classic weepie *An Affair To Remember* made millions while the near-simultaneous Warren Beatty-Annette Bening remake, called *Love Affair*, sank with all hands.

"They played it too straight. We never set out to make s weepie in any way. The original '30s movie is great: I could put on the last 10 minutes right now and in nine minutes I'd be crying. But it's very, very uncontemporary. The Idea that a woman would have an accident and wouldn't even tell anyone, wouldn't even call to say, 'Sorry, I couldn't meet you at the top of the Empire State Building,' – even if you could believe It as fantasy – is so politically Incorrect that it's stupid!"

You have to tread carefully with Ephron. One minute she is knocking P.C., the next she is knocking *you* for racial or terminological incorrectness. Having already put my foot in my mouth by referring to her being christened Nora – "I wasn't 'christened'" she says tartly – I then raise the question of New York humour. "Oh I suppose you mean Jewish," There follows the deepest sigh I ever heard in an interview. "Some sort of little 'Jewish' strain, I don't know..."

I change the subject, or switch points to s safer track on the same line. Is *Michael* a religious movie?

"No," she says. But she acknowledges it might ruffle some earthly feathers to have the expeller of Lucifer doing what he does here, which includes drinking, smoking, overeating and fornicating. "But really It's about as religious as that George Burns comedy, *Oh God!*"

For her the film's redemptive, agnostic charm consists of, number one, John Travolta – "He can do almost anything and not seem sinful; in *Pulp Fiction* he's like a mass murderer but you still think be's completely adorable" – and, number two, its simple, bumane message.

"Cynicism versus love," she reprises. "These people who've given up, who believe in nothing, *have* to believe in something. So naturally I have them believe in what I believe in, which Is love."

And there is no contradiction, she says, between the barbed anatomist of human manners and mores sbe used to be and the box-office hsartwarmer she has become.

"No, not at all. I think I've always been s big combination of cynic and romantic. I'm a big mixed bag of s human being, that's me. Like everyone else in the world."

Concert/**Andrew Clark**

A young Romantic

Few younger-generation conductors today are at home with the 19th century: they're afraid their performances will be compared to the great recordings of the past. Christian Thielemann is an exception. Having followed the old Kapellmeister tradition of working his way up the German opera house ladder, he is now conducting the world's leading orchestras almost exclusively in the German Romantics. Wednesday's concert at the Royal Festival Hall was his first in London since the announcement of an exclusive contract with Deutsche Grammophon, under which be will record Beethoven and Schumann here: a bold move by a record company when core repertoire is supposed to be dying on the shelves.

So we're going to be seeing quite a lot of this self-confident Berliner. The Philharmonia's programme, pairing Beethoven's *Emperor* Concerto witb Scbumann's Third Symphony, promised a more detailed look at his qualitles than *Palestrina*, which he is currently conducting st Covent Garden. The concert yielded two distinct impressions: of a conductor who enjoys exploring the symphonic argument and sound-world of the German masters; and of a musician wbo favours extreme plasticity of tempo, phrasing and dynamics within a highly-structured framework. Thielemann is no great stick technician – in fact, his long, straight-armed gestures are extremely vague. More important for a self-disciplined instrument like the Philharmonia is his easy musicality.

His qualities came over strongest in the concerto: the shaping and shading of the opening tutti were unusually bold, a foretaste of the crisp attacks and tumbling momentum that informed the whole performance. To the solo part Lars Vogt hrought epic bravura and poetic sensitivity, qualities which were matched all the way by the Philharmonia's wind principals and timpani. Ths result, in a work we probahly hear too often, was refreshingly unhackneyed.

After that, the Rhine symphony was an anti-climax. There was plenty of scenic beauty, particularly in the undulating strings and brass sonorities of the three middle movements. But it was not s performance of great depth or coherence, suggesting thet Thielemann is neither musically nor technically ready for Schumann's fragile structures. The outer movements were not so much exubarant as impatiently brisk; far from illuminating the opening theme's exposition, Thielamann's malleable approach came across as idiosyncratic, too self-consclously imposed. And the lack of a true legato in the "cathedral" movement undermined its sombre grandeur.

Although the musicians insisted he take a solo bow at the end, the orchestra was the star of the occasion: the Philharmonia is on a high this season, with consistent standards, an adventurous repertoire, full bouses and a strong roster of guest artists. *Floreat Philharmonia*....

Sponsored by Condé Nast.

Opera/**Richard Fairman**

Fledermaus with a touch of class

After years of fighting one crisis after another, Richard Jarman is stepping down as general director of Scottish Opera. To the outsider It does not exactly look a plum job and a qneue at the door to take on its many problems seems unlikely.

For the outgoing management a stiff Scotch would seem more appropriate than champagne, but *Die Fledermaus* it was at the Theatre Royal, Glasgow, on Wednesday. As a parting gift, this new productioo of Strauss's best-known operetta is not an undiluted success, but it sbould serve the company well enough for a few years. It has a determined visual style and might find a spring in its step if coodnctor Nicholas Braithwaite can be persuaded to give the music more character.

Producers are not very sure what to do witb Viennese operettas these days, as they defy attempts to re-interpret them in a modern style. With one exception Giles Havergal, Scottish Opera's producer, keeps to the traditional business, so *Strauss aficionados* will find little to upset them. His break witb the past is to deny Frosch his usual scene of comic ad-libbing (a merciful release) and show us instead the party-goers tipsily making their way home.

They just might be whistling the sets on their way. For Act 1 Kenny Miller has designed a wickedly vulgar drawing-room with blown-up, pop-art roses and Victorian gas lamps, as if Andy Warhol's 15 minutes of fame had been in the 1870s. Orlofsky's party takes place out-of-doors in a formal garden, where the guests parade self-consciously in over-the-top costumes (more than a hint of *My Fair Lady*). I am not sure the sets always work – least of all the post-modern prison in Act 3 – but they do give this *Fledermaus* a touch of class.

By and large the cast do well out of the production. Janis Kelly makes a bright-eyed Rosalinda, a mite less rich of tone than usual, married to a nicely debonair Eisenstein in Peter Evans. Andrew Hammond works hard to keep up the ghoulish character that the prodncer has devised for Dr Falke. Lisa Milne makes an entertainingly hearty Adele and Richard Coxon enjoys himself in the proto-Pavarotti role of Alfred. Anne Howells is given a tricky task, as neither the dialogue nor her costume is certain whether *Orlofsky* is a man or a woman, hnt star quality sees her through. The only loser is Frosch, whose role has all but disappeared, and I am inclined to feel that is the audience's gain.

Production sponsored by Dunard Fund.

The Royal Court's Young Writers' Festival bas proved a hox of delights in recent years, both introducing plays by exceptional young playwrights, and throwing up one or two pieces which are strikingly mature, grappling with some of the biggest issues of our times. Michael Wynne's superb *The Knocky* was one such, which went on to be revived and to tour the country. Now we have *Backpay* by Tamantha Hammerschlsg, a graduate of last October's festival which has just returned to the theatre.

Theatre/**Sarah Hemming**

Uneasy truces

Diane O'Kelly and Shaun Parkes in 'Backpay' Alastair Muir

This is an ambitious, compassionate play that aims to deal with the complexities of life in post-apartheid South Africa, the 23-year-old author's native land. Hammerschlag takes a group of characters and, through the tensions between them, examines some of the fall-out of years of separation. Her central character is Mina, a young white liberal. When we meet ber Mina has just dropped out of college and is constantly at loggerbeads with her mother, an unreconstructed racist and fanatical cleaner who brandishes her bottle of Jif as if she could scrub away all that she hates abont her country. So Mina seeks solace with the childhood nanny she has not seen for a decade, a hlack woman called Sophie who lives in Soweto.

At first their reunion seems perfect: Sophie is the warm, solid mother substitute that Mina remembers. But tensions soon erupt between ber and Sophie's adult children, both of wbom are bitter about their impoverished childhood and are trying to redefine what it means to be black. Mina's innocent but clumsy reappearance in tbeir lives causes trouble and, eventually, a major showdown between her and Sophie's family when Mina discloses that she is pregnant.

This last twist is a rather obvious, and not terrihly believable, means of thrashing out the issues, but there is much about the play that is good: the rows between Mina and ber mother, for instance, have the ring of autheoticity. And the hard peace that is finally achieved between Mina and Sophie is heartening, and bopeful: a truer relationship than the power-based one that Mina remembers from her childhood. Mary Peate's production is well acted, witb a notably strong performance from Diane O'Kelly as Mina and an excellent one from Dona Croll as Sophie.

More uneasy truces between the young and old in Jess Walters' *Cockroach. Who?*, given its premiere in the theatre's Stage space. This time, however, the action is closer to home. Walters' snappy play is set on an unlovely south London housing estate and examines friendship, loyalty and loneliness. The play oscillates between two female trios: three fearsome teenagers wbo smoke dope, play truant and jostle for supremscy and three pensioners who hang out in the laundrette, drink tea and complain about the youth.

The play is often cracklingly funny, some scenes coming over as *EastEnders* blended with *The Last of the Summer Wine*. But it is also poignant without being cloying about the struggle that constitutes life for all these characters. Under the spotlight is Natasha (a fine performance from Nicola Stapleton), the moody 15-year-old who is refusing to attend her father's funeral and whosa grief finds expression in blind anger and rebelliousness.

But we also see the struggling spirit in Reeny (Stella Tanner), the octagenarian in pink valour wbo smuggles cakes from the shop into her pocket "for a rainy day", and in Chantelle (Tameka Empson), the robust 15-year-old, who is busy trying to he tough enough to obliterate any tender feelings for her friends.

Walters plays wittily with the aggression between those two mutually distrustful groups so that the final scene, when one of the old ladies (Miriam Karlin) tries to reach Natasha behind her prickly wall of self-sufficiency, is unexpected and moving. Caroline Hall directs with plenty of pzazz and the cast is sparky and touching. A thoughtful and hopeful first play.

Both plays continue at the Royal Court Upstairs at the Ambassadors, London WC2 until Marcb 1 (0171-565 5000).

SPORT

BT Global Challenge

A jolly cheerful crew bringing up the rear

Keith Wheatley joins trailing Courtaulds International for the Wellington-to-Sydney leg and learns a lesson in team psychology

Raring to go: the 14-man crew set off with plenty of self-belief, but maintaining motivation is the real test of the gruelling race Rick Tomlinson

In the companionway that leads down from the cockpit aboard the yacht Courtaulds International is a motto: "In an egg & bacon breakfast, the hen is involved but the pig is committed. The choice is yours." Motivation and effort are the keys to success in a 10-month, 32,000-mile race like the BT Global Challenge.

Knowing for the past year that I was going to be sailing the Wellington-Sydney leg as a crew member on board Courtaulds, it was natural to follow its progress since leaving Southampton in the UK. The reports made depressing reading. "My" yacbt was consistently bringing up the rear of the 14-boat fleet.

While travelling to New Zealand I began to ponder the question of how a struggling crew picks itself up from a lame-dnck position. The embarkation port was appropriate since at Wellington's cricket ground England captain Mike Atherton was battling to revive the England side at the nadir of its Test match tour.

As a sports writer I have talked to enough athletes and performers over tbe years to know that technique and specific skills are as nothing compared with self-belief and motivation. Since I was about to become part of a team tbat was struggling for any success – aud with six gruelling months still to race – it was going to be fascinating to see how individuals in the 14-man crew handled their own situation.

The first surprise was to find a jolly, welcoming bunch of cheery individuals. Professional sports teams notoriously become black and gloomy places to be as the "relegation zone" beckons and the manager awaits the phone call from the chairman that will enable him to spend more time with his family.

> 'Really there is a public race and a private one'

"Really there's a public race and a private one," explained Colin Moss, watch-leader and a Hampshire-based computer consultant when ashore.

"The second one is the most important because we won't achieve anything against the other yachts until we get our own self-motivation right.

"I came into this race thinking it was all about how we competed against the fleet. I discovered it was really about getting our own team working."

Even from the deck of a boat trailing its rivals across a stormy Tasman Sea I can assert that there is no magic about sailing a racing yacht fast enough to win. But it is an immensely complex web of individually simple tasks that must happen routinely and with tbe minimum of external management. Some are dangerous, others boring, many exhausting but each must occur seamlessly 24 hours a day while the boat is at sea.

The BT race is unique in that it places 13 amateur crew, many with little or no previous sailing experience, aboard a brutally demanding 67ft yacht under tbe guidance of a professional skipper. The skippers have to be mother, father and coach at the same time as competing ferociously under ths eyes of sponsors, media and their peers.

"The last 24 hours have been a classic example of what goes wrong," said Boris Webber, as we trucked along through a lumpy sea two days out from the start. Webber is the young South African skipper of Courtaulds International. "People get tired, start getting seasick, their personal performance piummets and then the boat is back of the fleet.

"In the early days I would have screamed and shouted and got even less out of them. Now I try to talk to each individual and reassure them that it won't last more than 12 bours and they will recover."

Webber is an intensely ambitious young South African sailor with, it must be said, a savage tongue and a reputation to build. His rages in the first leg from Southampton to Rio de Janeiro are the stuff of legend aboard the yacht. Then came the sileoce of disdain.

"In the first leg we got hammered. In the second leg ignored. This leg is a lot more positive," said crew-member Richard Rowe, a 39-year-old civil engineer. "It's been a shame because we need to get Boris to use his huge experience to teach us.

"Now that's starting to happen but I hope it's not too late for the ooe or two who have been shell-shocked enough to give up individual thought."

Anyone interested in team psychology would be fascinated by this crew – this is oo hell-ship, full of recriminations and backbiting. Remarks are made, if not face-to-face, at least within the easy earshot of a relatively small boat. But the atmosphere is one of civil, even jocular amiability. This crew may not be the fastest sailors in the world but they are handling their differeoces. One discovers that the primary gulf is not between expert skipper and tyro sailors, but between the racers and the round-the-world adventurers.

"It goes through your mind to give up and knock it on the head," admitted Paul Collett, a crewmember and former casino croupier who was confined to his bunk for three miserable weeks during the Southern Ocean leg after suffering a hernia.

"But the wbole thing is really about seeing if you can do it. The English are a seafaring nation, thousands of our ancestors did it.

"Now I want to see if I can. If we went all the way round as back-marker it wouldn't be the end of everything."

Webber respects tbose views and has had to change his own. "I've never been back of the fleet in my life," be says.

"Now I'm genuinely battling to understand and work usefully with people who don't mind whether they are first or 14th."

Rugby

The disruptive element

Ireland have an uncanny ability to upset England, says **Huw Richards**


Martin Johnson, one of England's influential front men Allsport

"Every time Gladstone was getting near to the answer, the Irish would change the question." Like all the best humorists, the authors of *1066 and All That*, W.S. Sellar and R.J. Yeatman, hit on a fundamental truth – that unsettling the English is possibly the longest-established Irish national sport.

Phil de Glanville and his England team can expect a far warmer welcome today at Lansdowne Road than any British politician. As one South African observer noted during the 1995 World Cup, Ireland are everybody's favourite other team and the come-wbat-may good humour of their fans is the main reason for this.

Ireland's players, on the field at least, are a different proposition. It is not that they win that often. In the last decade they have averaged one win per Five Nations season, with almost the only relief from unbroken failure baing the extraordinary winning run at the Welsh National Stadium, extended by their cliffhanging 26-25 victory a fortnight ago.

There are two ways to look at that recent record. One is that it is s disgrace to a proud heritage incorporating 10 European Five Nations titles, six triple crowns, a Grand Slam and an overall success rate of around 40 per cant. The other is that the reality of Irish rugby is the same as Scottish football – far from doing badly, it is miraculous that they achieve what they have on limited resources. Ireland has only 12,500 players – half as many as Scotland, fewer than a third of the number in Wales and one-30th the total playing in England. Romania, Argentina and Italy all have more.

But ability to unsettle the English has been sustained. The honest if cruel explanation of that fine Cardiff record is that Wales are in the poorest spell in their history. Scotland have not been beaten since 1988, France not since 1988. But England have been extremely good since 1989 and still come unstuck a couple of times against Ireland.

Yet there is none of the slight edge of class antagonism that sometimes unsettles England teams playing Wales. Irish rugby is even more homogenously middle-class than the English game, almost coterminous with the business class and the products of a small minority of prestigious schools. Its social base can be seen on the map of Dublin – only one senior club north of the river Liffey, where Gaelic football and soccer rule – and more than a dozen in the wealthier suburbs to the south.

The one real exception to the rule is Limerick, whose trio of top clubs – Young Munster, Garryowen and Shannon – have between them won the last five Irish league championships. While this extraordinary feat marks Limerick as a hotbed to match Llanelli or Wigan, it also points to serious weakness. That three clubs from a town of only around 70,000 should establish such a stranglehold says little for the game elsewhere in Ireland.

A distinctive playing style has emerged from this limited social base. England and France's longstanding balf-back prohlems and tbe inability of Wales and Scotland to generate competitive front fives show how difficult it is to put out an international team of real quality in all 15 positions. Ireland's problems ars invariably even greater.

It is a rare Irish team that does not contain players of the highest class, but an even rarer one without at least one or two who would struggle to make any other Five Nations XV.

Ireland have had magnificent creative players like Mike Gibson and the exasperatingly simultaneous outside-half duo of Tony Ward and Ollie Campbell. Their third try at Cardiff was gloriously conceived and executed. But it can rarely count on real quality behind the scrum. Instead, its style has been defined by a consistent forward mix – a half-decent front row, a big man who wins line-out ball and a tough and hugely destructive back row supplemented by hard-tackling centres.

Though the tactics – disruption and harassment – would be readily recognisable to Gladstone, this version of the Irisb question rarely changes. The challenge for opponents is to maintain control and composure and avoid being drawn into a slugging match in the centre of the field. When Wales varied their tactics and moved the ball wide, they prospered. Driving down the middle brought them little joy.

If recent England performances can be likened to trench warfare – attritionally physical – the best Irish displays generate action reminiscent of the battls scenes of *Braveheart*, fast, ferocious and anarchic.

Ability to disrupt has been the key to Ireland's ability to upset England, a team wedded to control and a fixed game-plan, where Scotland have been sustained by greater tactical flexibility and France by supplementing physical power with intermittent flair.

Much will depend on the referee. England will be keen that New Zealander Colin Hawke denies Ireland's back row the licence extended them at Cardiff. The more restrictive the better, minimising disruption. Logic still says that England's vastly greater power and quality in depth should prevail. It said so before Ireland's wins in 1993 and 1994 as well. If Ireland get an early lead, Phil de Glanville may just start sympathising with Gladstone.

Wales have not won in Paris since 1975, but today's meeting differs from most in the past 22 years because France, hit by injuries behind the scrum, will be seriously worried about the potential of the Welsh backs. Providing them with sufficient ball, particularly from the line-out, is the key task tbat may be beyond the Welsh forwards.

How to Spend It

Cuff-links anytime, any place, anywhere

There is a button alternative to suit most men, finds **Nick Foulkes**

There are some men who are so stuffy and rigorous in their personal Calvinism that the concept of male jewellery is a complete oxymoron. Then there are those, like devotees of the lata Elvis Presley, who would feel positively undressed if not swathed in a rhinestone-studded jumpsult, their knucklas loaded to the ground with rubies, emeralds, sapphires and other gems.

The cuff-link, however, is the chameleon. Those with eclectic tastes can sport exotic creations in everything from precious stones to Perspex, while the sober man can allow himself a discreet piece of vanity, reassuring himself that cuff-links are functional and therefore suitably male.

It was in a spirit of conspicuous consumption that cuff-links were first conceived. Before their arrival, the ends of shirt sleeves were fastened with a coloured piece of string. It was 17th century yuppies, eager to wear their wealth on their sleeves, who added cuff-links to the repertoire of wearable gewgaws.

Now we could all hutton our cuffs like they do in the US and in most of continental Europe. But an Englishman cherishes his links.

For many Englisbmen cuff-links mark important moments in their lives: a christening, a 21st birthday or a betrothal. The most universally acceptable kind is made of two gold ovals, linked by a chain (not a swivel) and engraved – on one side with the wearer's initials and perhaps on the other with his crest, if he possesses such a thing.

Jeremy Hackett, chairman of the eponymous gentleman's outfitter, suggests engraving both sides with initials. "Getting up in the morning and pntting one's shirt on in a hurry, one is likely to put them on back to front in at least one cuff. If they are engraved on both sides you never get them wrong."

The wonderful thing about engraved oval links is that they look perfect with everything from a dress shirt to the frayed old favourite. The problem for the gift buyer is that any man likely to wear a pair of engraved plain gold links is likely to own at least one pair already.

However, it is usually a safe bet that a gold oval cuff-link man is going to like a pair of enamelled silver links such as those sold at Asprey. In discreet dot or trellis designs in all sorts of colours, they make a good daytime alternative to gold. At £120 a pair, they are also cheaper than gold and presented in Asprey's smart plum coloured hox they make an eminently acceptable gift.

A hespoke pair of cuff-links, hand-painted to depict a favourite pet, car, yacht, makes an individual gift. Typical of jewellers capable of accomplishing this delicate task is Longmire, wbere a pair of bespoke links costs from around £780 and will take at least four weeks to complete.

If you are not prepared to wait, there are plenty of ready-to-wear cuff-links which reflect suitably male interests. St James's cigar merchant Davidoff bas a range in sterling ailvar which cost £115 and secure eacb side of the cuff with a miniature cigar. More modestly priced at £24.50 are enamel links whicb depict the crossed swords of the Montecristo brand.

Motoring, too, is well represented. The excellent Connolly shop, *locus classicus* of the expensive driving shoe, has assembled a good selection of cuff-links made out of silver, whicb has heen hrushed to give the appearance of that most automotive of metals, aluminium. As well as wing nuts and screws, there are Lilliputian shock absorber coils and more conventional link-hacked numhers. Prices range between £55 and £175.

Asprey recently launched a collection of items which evoke the spirit of Ferrari motor cars. The reassuringly heavy silver links set with the prancing borse, at £250, are worth wearing for the beauty of their own design rather than the mere association with an Italian sports-car maker. Slightly more abstract links designed to evoke the grille of the car are £1,785, in 18-carat gold. Ferrari owners are not hy nature particularly retiring folk, so the idea of having their very own Ferrari hand-painted on to 18ct-gold links for a reasonable £1,795 should appeal.

If he likes the pen, he will love the cuff-links – scaled-down versions of the Montblanc Meisterstück pen, from £79 at the Montblanc Boutique, 61 Burlington Arcade, London W1

It is important to judge the gift correctly, although it would be difficult to find anyone who would be offended by a pair of classic links from one of the great jewellery houses. Cartier, for example, has the Etrier cuff-links in the shape of a stirrup in beavy 18ct white or yellow gold. At £2,300 they have been popular with the Parisian jeweller's customers for many decades.

Those who wish to evoke the spirit of the Duke and Duchess of Windsor might care to do so with a pair of Cartier's trademark panther head cuff-links. In yellow gold decorated with emeralds and onyx, these are neither for the sartorial wallflower nor for the shallow of bank account; they cost £4,800.

Another Place Vendôme jeweller, Van Cleef & Arpels, whicb bas recently reappeared in London, at Harrods, offers baton cuff-links, which hecame popular before the second world war and still sell well today. A bar is slipped through the cuff and then a choice of interchangeable batons are inserted into the bar.

The batons may be made from humble materials such as wood, perfect for tree surgeons, more expensive white gold, £725, or exotic lapis lazuli at £850. The benefit for gift givers is that several years of hirthday and Christmas presents are taken care of at a stroke: all the giver needs to do thereafter is select a new pair of batons.

The collecting of antique cuff-links is on the increase. "There are more and more cuff-link collectors," says polo-playing cuff-link dealer Sandra Cronan. "There are men wbo huy masses of modern watches. Cuff-links are an alternative in collecting, more alegant and understated."

A serious collector might like a pair of Stuart Crystal cuff-links, which are among the earliest and date from the latter half of the 17th century. Cronan has a pair of double-sided Stuart Crystals which, at £2,400, she thinks are excellent value.

The benefit of purchasing antique links is of course that they are likely to he unique. Indeed, there are probably few pairs like the gold American locomotives made by Cartier in the 1940s which Cronan sold to an American collector.

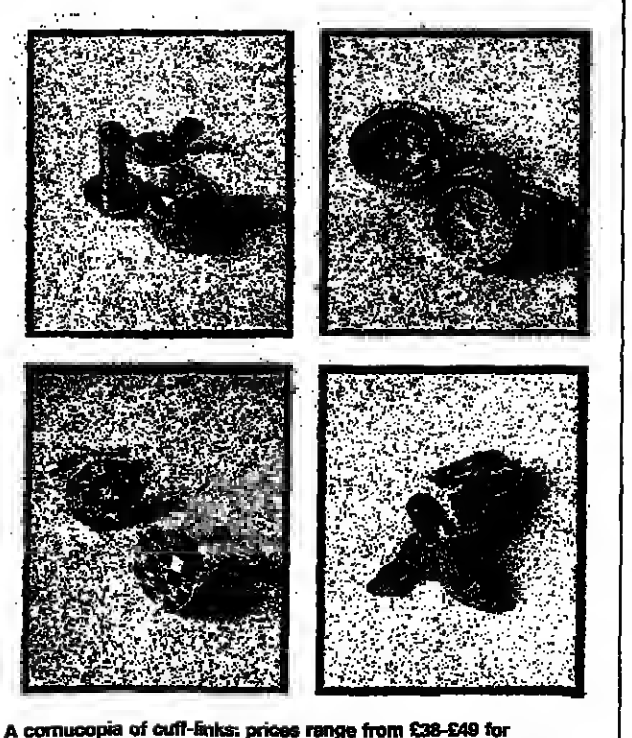
Those who seek individuality on a budget should steer away from novelty cuff-links made out of anything from typewriter keys to tap tops. These hits of ironmongery should be used for the purpose they were intended and kept safely out of the wardrobe.

Instead Links of London, which is opening franchises in Hong Kong and Melbourne, Australia, has come up with an easy and relatively inexpensive way to make a pair of cuff-links personal. Simply purchase a pair of silver ovals at £45, write a short message to be engraved in your handwriting for about £10-£15 depending on the length.

However, it is worth bearing in mind that the most widely accepted and useful pair of cuff-links is also one of the cheapest. Silk knots are still less than £5 a pair in most shops. They are the ultimate classless link and can be bought in a colour that complaments almost any combination of shirt, tie and suit.

Another advantage is that unlike your antique platinum and diamond links from Cartier, you will not mind too much if thay are left in the shirt and get lost in the wash.

One of the biggest collections of modern designs is made by Tetsossian, 266 Fulham Road, Suite 13, London SW10, tel: 0171-351 5651. Prices range from £25 to £160, and in London they can be found at Harrods, Liberty, Harvey Nichols and Selfridges



A cornucopia of cuff-links: prices range from £38-£49 for hallmarked silver, £200-£300 for 9-carat gold, all from Mappin & Webb, 170 Regent Street, London W1R 6BQ, and branches

Nadia Homa in black wool crêpe jacket, part of a suit at £1,625, and black and grey houndstooth wool trousers, £325. Both by Brioni from Shirley Leonard, Conduit Street, London W1. Gold knot earrings from a selection at Asprey, New Bond Street, London W1

Fashion

Tailor made for women

Avril Groom *tracks down the Italian style of comfort and fit*

Imagine a *tailored, city* jacket in the finest wool – cashmere, perhaps – discreet, beautiful and unidentifiable. Then imagine finding, as you put it on, that it feels as comfortable as a well-loved cardigan.

This dream can be a reality. Such garments do exist. Sometimes they come from an unexpected source.

The combination of maximum comfort with impeccable cut has always been what clients of the best men's tailors in Italy looked for. It may be the softer climate, or the more sensuous nature of Mediterranean people, but Italian tailors have *never* had much truck with the thornproof tweeds and indestructible interfacings of Savile Row.

Their tradition is lighter, more body-conscious and ideal for the lifestyles of busy, much-travelled businesswomen – as their male colleagues have long been aware. Now several of the top names have introduced ranges for women, often under pressure from clients' wives. As their reputation has spread by well-guarded word of mouth, these unassuming clothes with an air of well-bred quality are acquiring a discreet and devoted fan club.

In southern Italy, around Naples and the Abruzzi mountains, the tradition of hand-tailoring goes back a long way.

In the Edwardian era, a local musician and dandy spent time at the British court and sent several Savile *Row* suits back home, ostensibly for his poverty-stricken family to wear. Instead, they took the clothes apart and re-interpreted them, in lighter versions of stout tweeds and worsteds, with their own unique lightweight internal structure.

Thus was born "Neapolitan-English" style, which accounts for the enviably chic look of well-to-do Italian men from *marchesi* to *mafiosi*. The latter connection is hotly denied, though there is an apocryphal tale about the innovative firm Brioni which held the world's first men's fashion show in the early 1980s. Just after its New York showroom was opened, a very upright buyer from a grand store arrived to be shown round. At the very sama time, a customer appearad demanding to ordar a *suit*. *He* was instantly recognisable as a well-known Mafia godfather.

Rossella Annigoni, widow of the painter, in one of her Brioni suits

Photographs: Colin Beere

The Neapolitan-English look continues quietly unaffected by the loose, unstructured menswear style promoted in the 1980s by top designers. The firms still kaep workrooms in the south, but thair showrooms are in Italy's commercial heart, Milan. Here enterprising shopowners have discovered the women's ranges, rarely publicised because of small prodnction. Brioni's womenswear, for instance, *forms only 10 per cent of its* total output and sells in just 30 outlets worldwide.

The understated, yet unashamed luxury and comfort is perfect in an era when individual pleasure means more than label display, and fashion is soft and informal. The editor of British Vogue, Alexandra Shulman, says that this winter her staff are wearing frocks and cardigans. But this is no comfort to women in the business world and it is they who have discovered the Italian men's tailors, providing the nearest thing to that *soft* cardigan, yet with the authority of a well cut jacket.

Brioni, which for more than 50 years has dressed film stars, politicians and potentates, is the best-known name but its womenswear is available in London only at Shirley Leonard in Conduit Street, W1. Leonard hand-picks fabric and hutton combinations and says the clothes have a "magical fit" and rarely need altering.

Long-term customer Rossella Annigoni, widow of the painter, says "the way the shoulder fits your body and the purity of line is quite uniqne. Comfort and elegance without showiness is the appeal".

Other tailoring firms are also taking womenswear seriously. Antonio Fusco now puts it on the catwalk in Milan, where the clothes are also made, though his background is Neapolitan.

Fusco started womenswear 15 years ago but soon realised, "I couldn't just regrade a man's jacket. It needed to have the same quality of construction but a completely different, feminina fit". As with other designers, he has achieved a fit that flatters and pleases women which, be admits, may hava everything to do with the traditional Italian male celebration of the curvaceous female form.

Fusco's range has broadened, with soft, printed skirts and tops to set off this spring's tailoring. It is the nearest to factory-made, but maintains rigorous standards and finishing.

You can find it in London at Browns, South Molton Street, and Wardrobe, Conduit Street.

Susie Faux at Wardrobe has become a *specialist* in Italian tailoring. A year ago she introduced the women's range from Kiton, which has a light tonch, and more recently the classic Attolini – both relatively small Naples firms.

"There is such a demand for these light, exquisitely finished, elegant items," she says. "You can work and travel and go to dinner in them, forget you've got them on and they still look wonderful. And they work in the wardrobe without making an overstatement."

Wa tested this theory on thrae keen wearers. Each chose a different label hut agreed that Italian tailoring amply repays the investment necessary.

Serena Sutcliffe, master of wine and head of Sotheby's international wine department, has just bought an Antonio Fusco suit in clear navy hlue. "I would never have guessed he was primarily a men's designer – the fit is so *feminine* and yet it is still pure tailoring.

"I am built like a tall Italian woman – more bust than *hips – and I* have *always* bought Italian clothes but this feels very special, like swimming in silky tropical water because it's so light and easy. This mid-season weight is the most useful of all for travelling, now that everywhere is air-conditioned.

"I always wear dark clothes for tastings and this is a very lively colour without being too light. The skirt is flattering without being too tight."

Jennifer Gayler, a garden designer from Hampshire, *chose a pale grey jacket* in very light wool and a classic pale cashmere jacket, both from Kiton. "My clothes have to be very adaptable. I go from the office to a site meeting with contractors to a client's home, always on the move. I go from the car to lunch so I can't cope with creases.

Serena Sutcliffe in navy light wool double-breasted suit, £998, fitted white T-shirt, £49, both by Antonio Fusco from Wardrobe, Conduit Street, London W1, and from a selection at Browns, South Molton Street, London W1

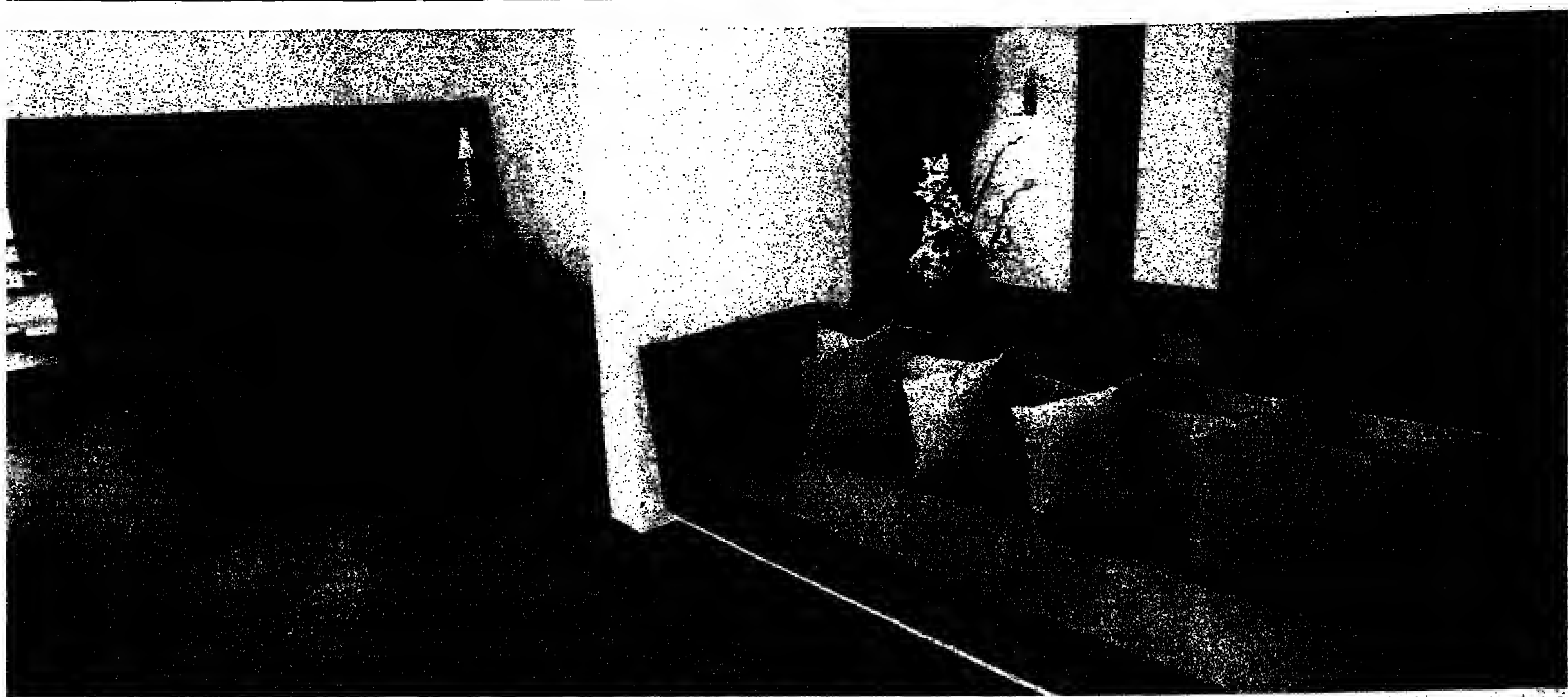
Hair by Laurence Derame

"This Italian understatement is great – no fiddly bits, really comfortable yet such good quality it looks very smart. The tailoring skill paradoxically makes it very feminine, unlike equivalent British jackets which I find too mannish. This feels like a favourite old sweater on, yet looks so smart one can just add jewellery and go out for the evening."

Nadia Homa is marketing consultant for Aspray and project manager for its involvement in this year's Royal Pageant of the Horse. She bought a Brioni *cashmere* blazer "in a moment of madness but I love it. I was introduced to Brioni hy a cousin who was already a customer. I admire that continental elegance of fabulously cut tailoring with minimal, very good accessories.

"My clothes must look and feel good the instant I put them on and the long-cut Brioni jacket is very flattering and *slimming to me as a* good size 14. It is elegantly fashionable but not super-trendy – I don't want to look like a fashion victim. The crêpe jacket works as well for day with trousers as the suit does for evening.

"My blazer is for life. It's great for travelling and weekends – there's something deliciously decadent about cashmere and jeans – but with flannels and flatties it will be excellent for site meetings on the project."



In the bedrooms of The Metropolitan, the chief aim was to make them elegantly simple: 'We don't do chintzy curtains but have used clean blinds and plain but luxurious fabrics'

Photographs: Brendan Corr

Hotels feel the designer buzz

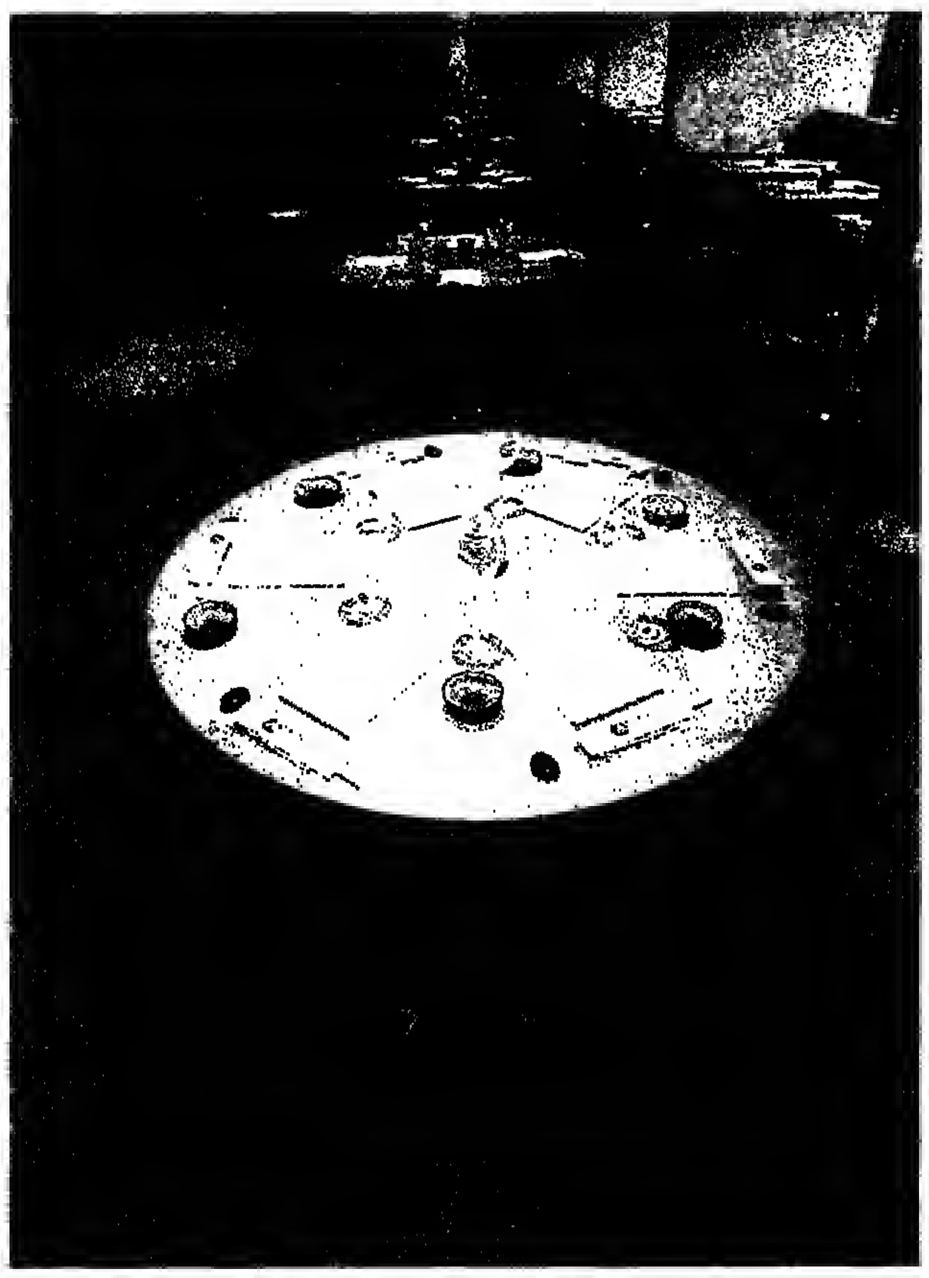
It's not so much the price that counts any more, says **Lucia van der Post**, but how does it look?

There can be few so dull that they do not respond to the glamour of the grand hotel – the marble, the sweeping staircases, the roomy lifts, the starched linen. But in today's world they often seem curiously anachronistic – wonderful reservoirs of nostalgia, a reminder of the days when Rita Hayworth or Marlene Dietrich swept in with their furs, their luggage and their lovers.

Hotels, like everything else, are having to change if they are going to survive. Now that London has been dubbed newly hip and interesting; now that the British Tourist Authority is busy promoting the UK as a centre for all that is cool and fashionable, how are the new hotels shaping up? The answer seems splendidly – if a tad tardily.

The hotel world is buzzing with new activity, new money and new ideas. Where once being a hotelier was strictly for professionals and the big money boys, today all sorts of people want to have a go – from the U2 rock band with The Clarence in Dublin and Chris Blackwell of Island Records with his string of Art Deco Hotels in Miami, to businessmen such as Ken McCulloch with 1 Devonshire Gardens in Glasgow and a Malmaison apiece in Glasgow and Edinburgh and Jonathan Wicks with 42, The Calls in Leeds.

Hotels today are cutting-edge – *financially sexy*, aesthetically adventurous and socially glamorous. Today they are places where the doorman's suit has probably cost twice your own.



At The Metropolitan, Nobu is an offshoot of the New York restaurant

For years there were just two examples in London of what might be called the designer hotel, places where the hip and design-conscious could feel at home – Anouska Hempel's Blakes (opened in 1981) and Johnny Ekperigan's The Portobello (opened in 1971).

Both were immediate and huge successes attracting as customers people from what Johnny Ekperigan calls the worlds of the 4Ms (media, movies, modelling and music). These were places where a rock star, an international designer or a movie mogul could do more than lay their beads at night – they could have fun, hang out in the bar with like-minded people, eat up-to-the-minute food, feel in tune with the modern aesthetics and know that no sneering glances would attend their designer stubble.

Meanwhile, in the rest of the world, designer hotels were proving a huge magnet to a glamorous crowd which kept the establishments' names in the news and ensured they were a financial and social success – from Philippe Starck's Royalton and Paramount in New York to Grace Leo-Andrieu's Montalembert in Paris. Designer hotels were the talk of the town and places to be seen in as well as stay in.

In London, apart from Blakes and The Portobello, the hotel world seemed to inhabit another age, a universe of chintz and *faux* antiques, aping old-world standards instead of creating new ones, until in 1981 The Halkin came along – clean lines, airy, designer-driven and indisputably of its time. But out of London, people such as Ken and Amanda McCulloch were setting the pace with their Malmaison hotels.

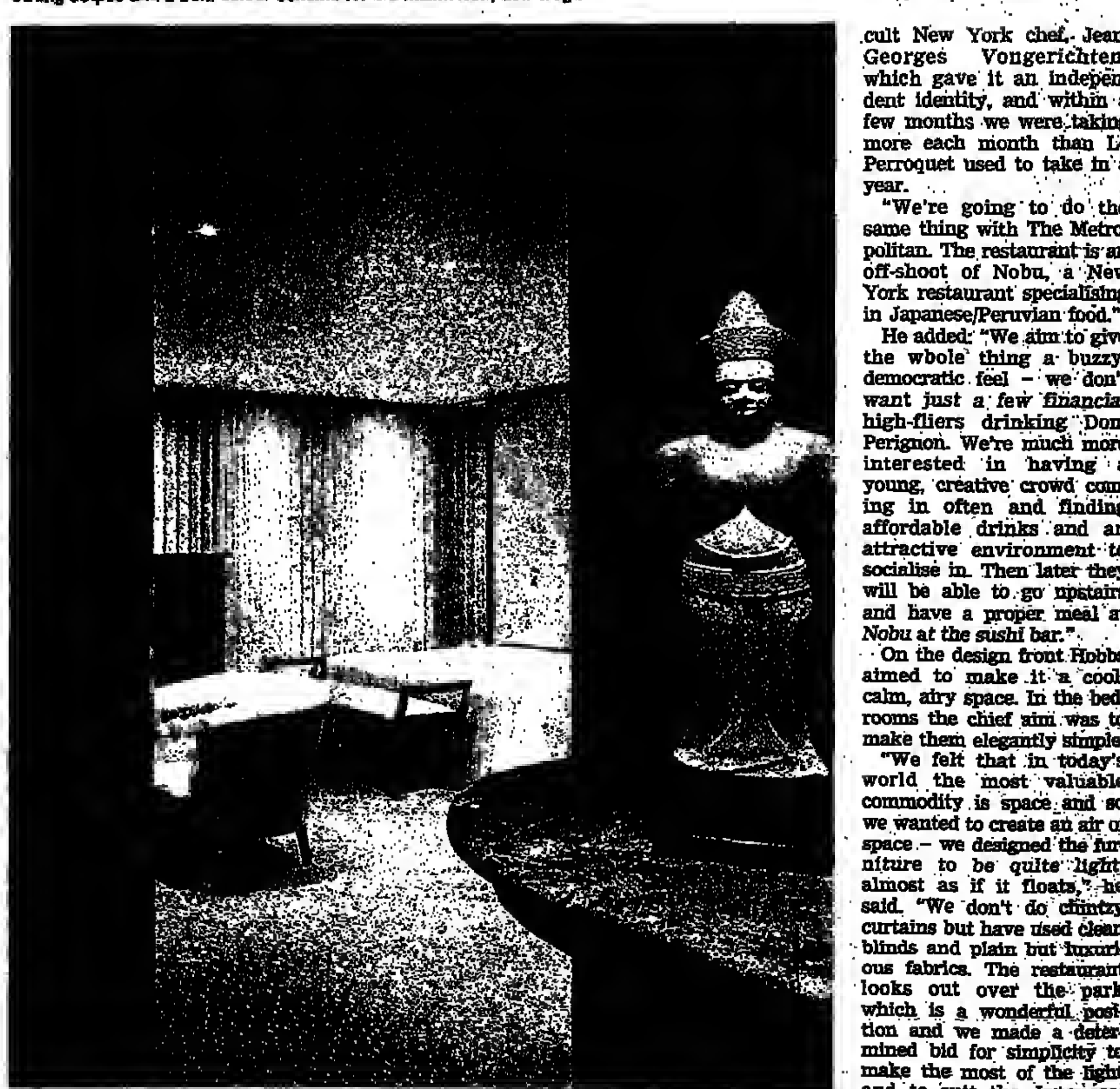
Strong stripes and a bold colour-scheme for the Malmaison, Edinburgh

They have taken classic redundant buildings, such as an old seamen's mission in Leith and a church in Glasgow, and made the interiors very modern, very cool. With prices at well under £100 a night, it is no wonder that both were instant hits – and no wonder, too, that they are about to expand the chain with hotels in Newcastle Upon Tyne and Manchester.

In Leeds Jonathan Wicks had similar ideas – he took an old granary and turned it into an award-winning hotel, 42, The Calls. Once again the combination of reasonable prices (creative people cannot always pay grand hotel prices), designer aesthetics and a "happening" atmosphere have made it a big success.

At first sight many of these hotels may seem like self-indulgent exercises in design aesthetics but the fact is that they work commercially, too. The Portobello, for instance, enjoys a 92 per cent occupancy rate, The Halkin 91 per cent and The Clarence (in Dublin) 82 per cent. These are figures that most traditional hotels can only dream about.

But no one could complain that the London of today is short of cutting-edge hotels – and it's getting better all the time. Anyone who is anyone in the world of design, architecture or finance seems to want to be on the crest of the new wave hotels.



Oriental tranquillity in a bedroom in The Halkin

Anouska Hempel's The Hempel recently opened to a tide of mixed reviews. Sir Terence Conran is busy with plans for the Great Eastern Hotel near Liverpool Street and Number One Aldwych is due to open next year. Meanwhile Ian Schrager (behind the Philippe Starck designed Royalton and Paramount in New York) and Mike Pemberton (Glitter Bay and the Royal Pavilion in Barbados) also have their eyes on London outposts. And on Monday the very latest of the designer-driven hotels, The Metropolitan, opens.

On the site of the old Londonderry Hotel in Park Lane, it has been financed by the Ong family from Singapore (Christina Ong is the creative force behind both The Halkin and The Metropolitan, as well as many fancy designer label franchises in Bond Street and Sloane Street) and designed by Keith Hobbs, who also worked on Quaglino's, Mezzo and Vong restaurants and The Clarence.

Given a £45m budget, Hobbs' brief was simple – to turn it into the kind of "glamorous, buzzy, exciting modern hotel that would attract a glamorous, international, design-conscious crowd".

But, he emphasises, "it's got to work commercially. At the end of the day it's a serious business and it's not just to do with design and beauty, it's about the commercial power of design, how the right designs can make something work commercially.

"Take Vong [the restaurant in The Berkeley Hotel, which his company designed]. When it was Le Perroquet it took about £250,000 a year. We rethought the problem, resited the entrance, putting it in Knightsbridge instead of making customers go through the hotel entrance in Wilton Place.

"We made it seem like a new restaurant. We got in a cult New York chef, Jean-Georges Vongerichten, which gave it an independent identity, and within a few months we were taking more each month than Le Perroquet used to take in a year.

"We're going to do the same thing with The Metropolitan. The restaurant is an off-shoot of Nobu, a New York restaurant specialising in Japanese/Peruvian food."

He added: "We aim to give the whole thing a buzzy, democratic feel – we don't want just a few financial high-fliers drinking Dom Perignon. We're much more interested in having a young, creative crowd coming in often and finding affordable drinks and an attractive environment to socialise in. Then later they will be able to go upstairs and have a proper meal at Nobu at the sushi bar."

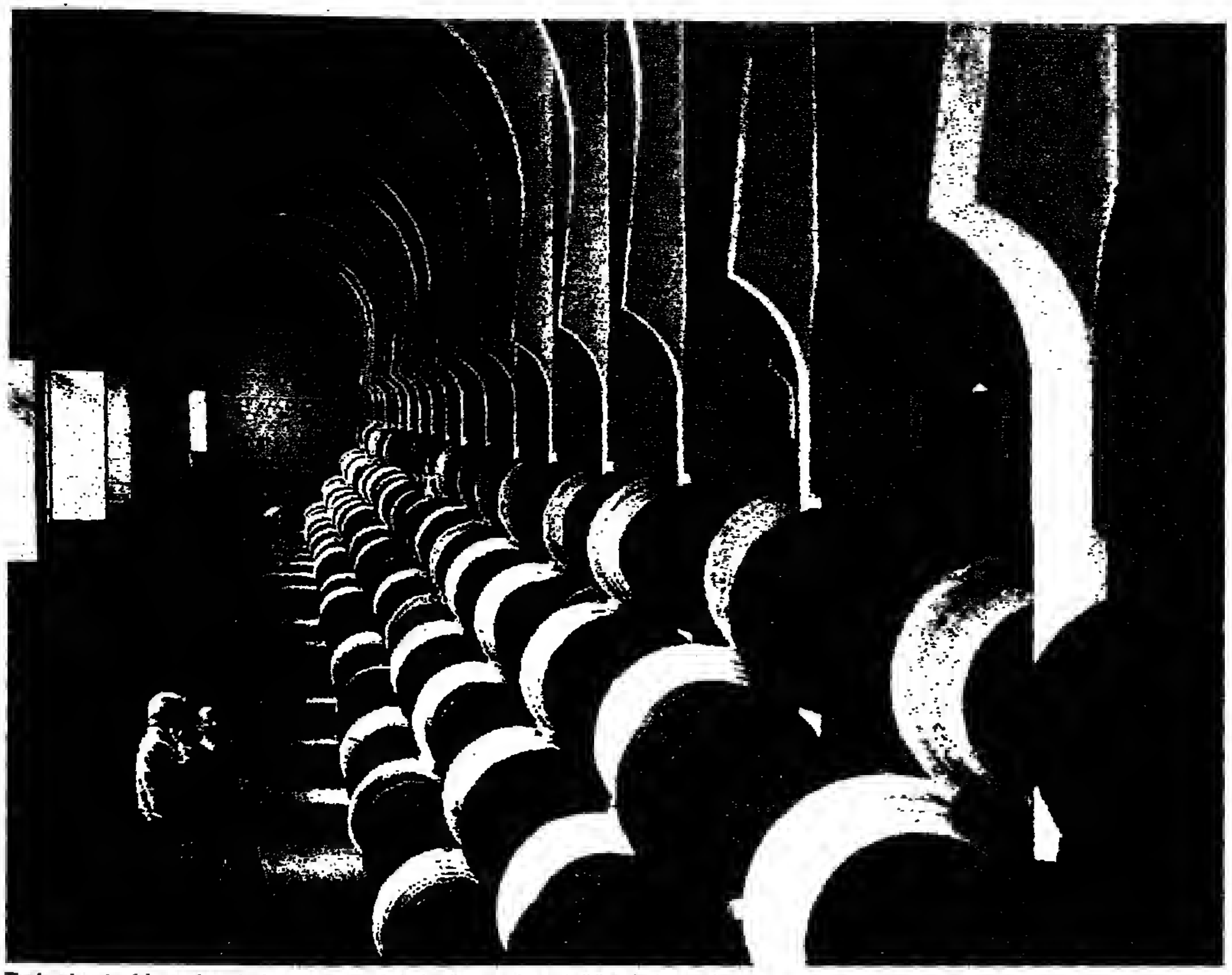
On the design front Hobbs aimed to make it a cool, calm, airy space. In the bedrooms the chief aim was to make them elegantly simple.

"We felt that in today's world the most valuable commodity is space and so we wanted to create an air of space – we designed the furniture to be quite light, almost as if it floats," he said. "We don't do chintzy curtains but have used clean blinds and plain but luxurious fabrics. The restaurant looks out over the park which is a wonderful position and we made a determined bid for simplicity to make the most of the light and to suit the Japanese/Peruvian food."

Many individual crafts people were commissioned to make special pieces – Bill Amberg's leather has been used generously on chairs, tables, bar counters. Helen Yardley designed rugs, and in the restaurant a hand-crafted effect is achieved by using a combination of oak and maple for the tables, stained beech for the Frank Lloyd Wright inspired chairs.

Opening prices start at £125 (plus VAT) for a small room in the annexe. The normal price (ie, after May 1) for the bigger rooms, overlooking the park, will be £255.

■ *The Metropolitan Hotel, Old Park Lane, London W1Y 4LB. Tel: 0171-447 1000.*



The true beauty of Jerez: sherry bodegas are some of the loveliest warehouse buildings in the world

Sherry: six of the best

Giles MacDonogh sniffs around the bodegas of Jerez

As far as the eye is concerned, the beauty of Jerez is the warehouse. With their tall, white-washed arcades and wide, sloping, timber roofs, sherry *bodegas* are soma of tha loveliest warehouse buildings in the world. And there is also the reassuring knowledge that all these high banks of casks or "butts" contain gallon upon gallon of delicious wine.

It would be hard to say which was the prettiest. The most impressive architecturally is La Concha at González Byass, built by the French engineer Gustave Eiffel (he of the tower), and as its name suggests, it is in the shape of a conch.

It should be said, however, that La Concha is a fairly impractical *bodega:* it is hard to align butts around a curve. There are other warehouses which are more so. With time González Byass has taken over a small number of streets by the cathedral, and parts of the Moorish town wall. These tranquil former city arteries have immense charm. González Byass is a huge concern with 1,100 of vines growing grapes for their brands, including the popular *fino* "Tio Pepe".

Domecq is another big house with beautiful *bodegas*. The company was actually founded by an Irishman called Patrick Murphy who came to Jerez to join the local rag-trade in 1730, but changed his mind and dealt in sherry instead. His warehouse still forms the core of a large network of cellars built up against the Moorish wall.

Big companies such as these exploit the scenic potential of these cool *bodegas*. In the summer months they mill with panting German and Japanese tourists. Williams and Humbert have their "Pando" *bodega* (from "P & O": they used to supply the cruise line), which houses the sherry for their own *fino* brand. Over on the coast, in Puerto de Santa Maria, is Osborne which was founded by a Devonian in 1772. It also has well-oiled tourist facilities, with shade-giving orange trees dotted between the *bodegas*.

Beside these, Valdespino has a more homely, hephazard air. One *bodega* is more or less an integral part of Miguel Valdespino's office: useful when he needs to refresh a visitor or demonstrate a point. The Inocente *bodega* was part of an eighteenth century monastery. Here the last really traditional *finos* of Jerez are put through their *soleras*: they are still fermented in butts where others have gone over to concrete or stainless steel vats.

The floor is fine sand and every effort is made to keep the sun out so that a thick fungal "flor" develops on the surface of tha sherry. This is indispensable for the flavour of *fino* or *amontillado* sherries. The mould of each *bodega* has its own personality, you tamper with it at your peril. It is said that one of the larger houses built itself a spanking new warehouse on the outskirts of Jerez, but the sherries spurned the *flor* and they had to knock it down and start again.

Miguel Valdespino scatters large objects about his cellars: sedan chairs and vintage cars suddenly turn up behind rows of butts, but despite this shambolic air, be knows where everything is. He stops in a small *bodega* where he is building up a stock of *palo cortado*, a style which is a sort of half-way house between *amontillado* and *oloroso*. "It is like breeding horses," he says.

Valdespino may be small by Jerez standards, but it still sells 400,000 cases of sherry e year. The really compact companies are the *almancenistas*. According to statutes established during the short-lived republic, an *almacenista* or warehouse man may make and store wine but may not sell it on the open market. There are about 50 of these *almacenistas* in the region. The one we visited doubled up as the local bicycle merchant.

The 100-year-old house of Lustau specialises in buying up the produce of these *olmancenistas* and selling them as part of their range of sherries. One of the best of these is a marvellously tangy *amontillado fino* Pilar Aranda y Latorre. An *amontillado* is an old *fino* of course, one which lacked the fresh, briney bite to make it marketable as a young wine (£7.50 for half bottles from Berry Brothers and Rudd 0171-396 9600; Chiswick Cellars 0181-994 7989; Garrards of Cockermoutb 01900-823592; and Booth's of Preston branches 01772-251701).

A favourite Williams and Humbert sherry is Dos Cortados, a classic dry oloroso with a taste of butter, toffee and coconuts (£9.95 from Selfridges 0171-629 1234; Jackson Nugent of Wimbledon 0181-947 9722; and Noel Young of Cambridge 01223-844744).

If I had to choose from González Byass' range it would be the *amontillado* del Duque, which combines e taste of green olives with an intense nuttiness (£21.50 from Fortnum & Mason 0171-734 8040).

The Oloroso Abocado Solera India from Osborne commemorates the old East Indian trade. It is a broader, mellower wine which contains some super-sweet Pedro Ximenez sherry to round off its rough edges (£24 from Fortnum & Mason and branches of Heyman, Barwell and Jones).

Generally, Pedro Ximenez is used for blending hut the better companies also sell old "PX" as a rich, buttery, old-fashioned, mid-morning pick-me-up. One of the loveliest is Domecq's Venerable (01403-222600 for stockists): a rich 40-year-old.

Possibly my favourite sberry is Valdespino's Coliseo (£19.95 from Lea and Sandeman 0171-376 4767 for branches). This is a fiercely uncompromising 100-year-old *amontillado*, which reminds me of black olives, pickled walnuts, seaweed and chillis all at once. And its structure is astonishing. It is liquid architecture.

Cookery

Bringing home the ham

Philippa Davenport on a cheap and tasty treat

One of my favourita buys at this time of year is a ham hock, also known as a gammon hock, in other words the bony lower leg of a cured – salted hut not smoked – pig.

Ham hocks, like lamb shanks, are not the most gainly looking little joints, but they possess a meatily sticky quality that makes them a supremely comforting choice at this low ebb of the year. Neither their size nor their price risks terrorising those still suffering from post-Christmas gastro-economic shellshock.

Local butchers in the pig-loving county of Wiltshire are happy to sell ham hocks weighing about 1kg for £1.30 each. Maybe such treats are cheaper and easier to come by there than in other parts of the UK, hut I douht that even the poshest London food hall charges highly for them.

Hock is a bony cut, but the nearer the bone the sweeter the meat, and there is more meat on a ham hock than meets the eye at first glance. That said, do not consider serving less than two hocks to a group of family or friends. Two hocks or more may mean lots of leftovers hut a singleton can cause the cook and the carver to panic. Carving in the kitchen (sweet little slices, not handsome great chunks) is also recommended.

Whila most joints of meat are too big for two people, a bam hock is just right. I reckon on serving it to the two of us hot at one meal and as a cold cut on another occasion; then it plays a bit part in peasanty pulse, pasta or vegetable dishes.

Finally, the last of the meat is packed into watercress sandwiches to partner soup made with the ham stock, or potted in some of its own jellied stock with lovage and parsley, making a mini, anglicised version of *jambon persillé*.

For the sake of good flavour and texture, always check that you are buying the meat of a traditional hreed that has rootled freely at leisure. Unless your butcher salts his hams heavily, soaking before cooking is probably unnecessary. I find blanching is enough.

Choose a heavy-based pan or flameproof casserole in which the hock fits snugly. Just cover the meat with cold water, bring to the boil and drain. Rinse the blanched joint under a cold tap and return it to the pan.

Cover with fresh cold water (or half water, half cider), bring back to the boil, skim, add bruised peppercorns, a couple of bay leaves and sprigs of thyme. Cover and poach at the barest simmer (only the occasional bubble should burp to the surface; boiling renders meat ragged and tough) for 1¼-1½ hours.

Turn off the beat and let the hock rest in its cooking liquor for half an hour before skinning and serving it hot. Or if it is to be served cold, move the pot to a cool spot and leave the joint in it until the liquid bas set to a soft jelly; then wipe the jelly from the meat, skin it, wrap it in greaseproof paper, overwrap it in foil and refrigerate until shortly before you want to eat it.

(Leaving meat until cold in the liquor in which it has been poached is enormously beneficial in keeping the flesh moist and succulent, so much so that, after carving what is needed for serving hot, I immediately return the remains of the joint to the pot.)

Rich sauces celebrate hot ham deliciously, particularly hollandaise and a zabaglione-type sauce made with a mixture of Marsala and balsamic vinegar. Boiled or steamed potatoes, leeks and little green beans make good vegetable partners. Celeriac or Jerusalem artichokes cut into sticks or coin shapes, steamed, blotted dry and sprinkled with chopped parsley for colour are less obvious alternatives.

Salso verde is another choice sauce and I am very partial to delicately creamed celery (sliced celery stewed gently in butter and its own juices until tender, slaked with a pinch of cornflour and finished with a few spoonfuls of cream). This serves both as sance and vegetable so it is worth making in generous quantity. Its only fault lies in its pallor; a shower of chopped parsley improves its looks and adds a healthy dose of vitamin C.

Good sauces to serve with cold ham hock include age-old Oxford brawn sauce (dark muscavado sugar and English mustard mixed to a paste, enriched by beating in oil, then sharpened with cider vinegar and a little salt), and a Scandinavian apple sauce (a tart purée of stewed apple spiked with crushed fennel seeds, enriched and smoothed with mayonnaise). Fennel the vegetable also goes well with cold ham. Braise it in wedges, or slice it and boil it until just tender, drain well and toss in bot olive oil with crushed fennel seeds, chopped fennel fronds and parsley.

The slight hitterness of chicory is excellent with ham. It can be boiled and lightly coated with mornay sauce – as can leeks and fennel. Less substantially, chicory can be cut lengthways into strips, laid in a very generously buttered shallow dish, seasoned with lemon, sugar and black pepper but no salt, dotted with more butter and covered with butter paper. Slip this into the oven alongside a dish of potatoes for baking and both will be ready at the same time.

Depending on the ratio of veg to meat that you like, these fennel, leek and chicory suggestions can be served as sidekicks to meat, or modest snippets of ham can be stirred into larger quantities of vegetable to make composite supper dishes.

(Baking is the laziest way to cook potatoes. Calling for slightly more effort but equally good with cold ham are rosti and milky potato gratins, while the Irisb might argue that nothing goes better with ham than *champ* – mash with spring onions and a pool of melted butter – and fine green ribbons of steamed cabbage.)

Snippets of cooked ham can replace pancetta in spaghetti alla carbonara, and I sometimes make a variation on the theme using pasta spirals, a handful of fresh or frozen broad beans and a little parsley as well as ham snippets, finished by scrambling with egg and Parmigiano in the usual way.

I also like to bury little pieces of ham in a dish of dried broad beans or butterbeans cooked in milk with celery, thyme and other herbs, some of the beans being whizzed et the end to make a creamy sauce for the rest.

Pulses figure again in my favourite soup to make with ham stock: marrowfat peas cooked in the stock until they fall apart, whizzed to e thick sludge the colour of yesteryear's impenetrable city smog, hence the name London pea soup.

All these ideas are more conventional and homely than startingly rarefied, but at this season, I believe, there is a lot to he said for the reassurance of (semi-)familiar comforts. Time enough for sparky innovations when spring has sprung.

How to interpret Japanese food

Nicholas Lander meets an Australian academic who can help you sort out your sushi

As food and cookery books become increasingly dominated by big-name chefs and restaurateurs, it is comforting to report that a book that will dispel much culinary ignorance has just been written by an Australian academic.

Professor Richard Hosking, a teacher of food anthropology at the University of Hiroshima, has completed the first English dictionary of Jepanese food, which has been publisbed by Tom Jaine of Prospect Books (£12.99, 240 pages).

It will immediately find an audience not just among travellers on business or pleasure in Japan, but also among chefs, restaurant goers and food lovers everywhere.

When I showed my copy to Nacer, head chef of the newly opened Yo! Sushi, in Soho, London, he almost snatched it from me before going off to study it.

The book's foreword is by Professor Naomichi Ishige of the National Museum of Ethnology in Osaka, but it is not a dry, academic work. Hosking explains that it is a dictionary of Japanese food, not a dictionary of food eaten in Japan and he goes on to explain the difference between Japanese and western or other styles.

Green tea is considered since its presence in Japan dates from the sixth century, when it was introduced from China. Coffee is considered western and ignored – as is curry rice, one of the most popular dishes in Japan but not considared Japanese enough for this book.

A considerable number of black and white line drawings make the entries easier to understand. It would, for example, be virtually impossible to imagine a *shamisen-gai*, a tongue clam harvested from the Ariake Sea and eaten raw, without Hosking the artist.

> Namako, a sea slug eaten raw, appeals to more elderly Japanese

Nor does Hosking refrain from adding his own opinions. In the entry under *fugu*, the poisonous puffer fish, he says that the main reason for eating in *fugu* restaurants is the uncertainty and excitement adding: "Certainly the taste of the fish is not sufficiently enticing to make one want to take the risk."

The sounds and smells of Japanese food leap off the page. Under the heading for *ramen*, the Chinese-style wheat noodles, Hosking describes the itinerant vendors who ply the streets late at night, announcing their presence with a raucous reed instrument. He adds: "One of the more terrifying experiences of Japan is to be woken up in the early hours of the morning by this soul-piercing cacophony."

After the Japanese-English and English-Japanese entries, Hosking has written 17 pithy appendices on essential topics of Japanese food such as *miso* soup, vegetarianism, tea and the tea ceremony. Most fascinating are his comments on *katsuobushi*, tha smoked dried bonito that is shaved like a block of wood to make soup, which can only be tasted at its best in Japan.

Writing about chopsticks, Hosking complains about the 8bn pairs of *waribashi* used in Japan's restaurants every year. Ostensibly, these disposable chopsticks are made in one piece so that they can be pulled apart but, according to Hosking, they always break the wrong way and are difficult for people with large hands. Better, he adds, to carry your own.

Yo! Sushi in Poland Street, London W1: a constant stream of inexpensive food — Ashley Ashwood

The final ettraction of this paperback is that it can accompany you to the increasing number of Japanese restaurants worldwide. There are almost 200 in London, the most innovative being Yo! Sushi in Poland Street (0171-287 0443) where 60 metres of conveyor belt supply a constant stream of inexpensive sushi. Also about to burst on the scene is Nobu, in the Metropolitan Hotel Hyde Park (0171-447 4747), which is expected to open on Monday.

I put Hosking to the test at Sushi-Say, in London NW2, a restaurant highly evocative of downtown Tokyo: a sushi counter immediately by the door, behind which indomitable sushi chef Katsuharu Shimizu stands supreme, then a narrow, crowded dining room, leaving only a narrow passageway through which kimonoed waitresses bustle.

The sushi were excellent, the salmon skin ultra-crisp and the squid so springy it seemed to be uncurling in the dish. Thanks to our little book we enjoyed burdock, too. Until this meal I had always thought of it as an ingredient in a soft drink but in Japanese it is *gobo*, a root vegetable that grows to a metre long.

Hosking has provided a similar service to the one Hugh Johnson undertook when he wrote his first pocket wine guide in 1977. We will feel as comfortable with *daikon*, the giant Japanese white radish, and *matake*, an autumn fungus, if not with *namako*, a sea slug eaten raw which, Hosking adds, has a greater appeal to the more elderly Japanese.

Hosking's book empowers us all; going into a Japanese restaurant need never again be forbidding.

■ *For a copy of* A Dictionary of Japanese Food, Ingredients and Culture *contact Prospect Books, fax: 01303-712311, E-mail kal69@dial.pipex.com. It is published in Japan and the US by Charles E. Tuttle.*

■ *Sushi-Say is at 33b Walm Lane, London NW2 5SH. Tel: 0181-459 7512. Open Tuesdays to Sundays for dinner only. £25 a head.*

Wine Auctions

Sotheby's coup

Sir Andrew Lloyd Webber is having a small cash flow problem. One of his hit musicals, *Sunset Boulevard*, is soon to close in London's West End whila his latest venture, an adaptation of *Whistle Down the Wind*, needs expensiva tinkering before it is ready for Broadway. To ease the finances Sir Andrew is selling off some of his wine.

Since his teens he has loved and accumulated wines, and now has one of the finest private collections in the UK. Selling 18,000 bottles at Sotheby's on May 20 and 21, will hardly dent his stock: he has enough for at least five lifetimes.

He has acquired the best, and Sotheby's expects to make him at least £2m richer from what is the greatest single wine collection to come its way.

Sir Andrew has timed his dispersal well. In the last two years the prices of tha finest French wines, notably from Bordeaux, have risen by around 50 per cent. For some vineyards the appreciation is greater.

Le Pin, a Pomerol wine first marketed from the 1979 vintage, has become the greatest cult, with the price of a case of the 1982, now acknowledged as one of the best years of the century, rising from around £7,500 in 1995 to £22,000 et Sotheby's last autumn. A more established wine, the Château Latour à Pomerol 1947, was available for £10,000 two years ago: Sotheby's is offering a case bought by Sir Andrew with a top estimate of £20,000.

There is no mystery behind tha sudden appreciation in values. The Chinese – from Hong Kong, Singapore, Taiwan and perhaps China, too – have developed an insatiable thirst for the best French wines. Bolstered by equally keen bidders from the Americas and Europe, they have driven prices ever higher, although there was a definite pause at tha last Sotheby's auction. What makes the Chinese popular buyers is that they drink it: they do not put it away as an investment.

For Sotheby's, gaining this sale is a great coup: it must have given Sir Andrew an attractive marketing package. Ha will be sorry to say goodbye to a bottle of Château d'Yquem, 1900, estimated et up to £3,000; two magnums of Romanée Conti 1971, at up to £1,500 a magnum; and a case of Château Pétrus 1982, at up to £11,000. But he has the satisfaction of other bottles.

Antony Thorncroft

TRAVEL

A culture built around the car

Nicholas Woodsworth persuades his bloody-minded camper van to visit Los Angeles

Teke me to the top: aspirational Angelyne hoping to find fame and fortune on Sunset Strip

Magnum

Cars screaming by on my left, cars bowling past on my right, I limped the last 60 miles into central Los Angeles along the nightmarish San Bernardino Freeway. In a bitchier mood than usual, Modestine juddered, baulked, and complained loudly all the way.

Modestine is my VW van. After many thousands of miles I have christened her thus in recognition of certain qualities of character she shares with a donkey once owned by Robert Louis Stevenson. Irritability, obstinacy and sheer bloody-mindedness are the first that come to mind.

Stevenson bed only to cross the Cevennes hills of southern France witb his Modestine. With mine I was crossing a continent, and the resentment was proportionately greater.

It was not just her minor, daily protests that irked me. Miles from anywhere in the Rockies, she had petulantly blown a cylinder head.

In a queue at the Canada-US Peace Arcb border crossing, in front of hundreds of amused travellers, sbe embarrassed me by hursting a cooling bose, obliging me to lie beneath ber in a warm and sticky green pool to patch her up.

Now, in the 10-lane, life-threatening, kamikaze environment of a Los Angeles freeway, she was threatening to behave badly again.

It was too much. Witb Modestine making odd coughing noises, I came to a sbuddering halt at the first parking lot I could find, and stalked off. I had lost my cool. I needed a quiet place to calm down.

I found it no distance away in Union Station, and sank gratefully into a deep seat. With its lofty ceilings, higb arcbed windows and broad transept, the Spanisb Colonial-Moderne style station was reminiscent of a church, and just as peaceful. Outside, as if from the calm eye of a hurricane, I could bear the great automotive roar of Los Angeles. Here there was barely a soul about.

Los Angeles' commuter trains are not mucb used. This is a city, and a culture, built around the car. Air pollution, road stress, traffic jams, wasted time, even an occasional rain of projectiles burled maliciously from freeway overpasses – in LA, nothing, it seems, can break the ties that bind buman flesb to automobile metal. Angelenos *love* their cars.

It made me feel asbamed. How could I be so insensitive to my companion of the road? Relationships require daily effort and commitment. Locals gave tbemselves unstintingly to bunks of glass and steel and rubber. Why couldn't I?

I would make it up to Modestine, I resolved. I would wasb ber, and offer ber spark plugs. I would replace ber missing bub caps. I would lavish spare parts and the greasy attentions of mechanics on her.

And to celebrate our reconciliation, I decided impulsively, I would invite ber on a date right now. Nerve-racking, high-speed freeways were out of the question; I wanted the best for Modestine.

We would dawdle, I decided, down that most fabled of California hyways, Sunset Boulevard.

Off we started, beginning wbere Sunset Boulevard itself begins – at the spot where 200 years ago Spanish colonists founded tbe tiny settlement of *El Pueblo de Nuestra Senora la Reina de los Angeles*. The name is almost as long as the block wbere today a few adobe bouses remain standing. But if they soon disappeared in Modestine's rear-view mirror, the Hispanic culture spawned there did not.

"Ropa Para Toda la Familia!" – clothes for the whole family! – sbouted bright signs outside cut-rate sbops along the boulevard. *"Ahora*

Rentando!" – Now Renting – they declared from the windows of modest little bungalows surrounded by chain-link fencing and small concrete yards painted lawn-green.

There was pink bougainvillaea and stunted palms. It was cheap and cheerful, hut not what I wanted for an outing with Modestine. On we drove.

Just after Coronado Street tbe Hollywood sign came into view, white letters high on the dry hills shining through Los Angeles haze. The boulevard began to cbange character, a kind of grubby and paw-marked glitter taking over.

Hollywood is no longer the glamorous part of town it was in the heyday of the studios. What is left are tired streets and tacky tourism. At Vine Street we turned up a block on to Hollywood and cruised past souvenir sbops, Ripley's "Believe it or Not" museum, and Frederick's of Hollywood, a once-daring lingerie shop where the fake leopard-skin underwear in the window now looked silly.

We stopped at Mann's Chinese Theatre, where stars from Mary Pickford to Mel Gibson have their footprints immortalised in cement. I was boping, for Modestine's sake, to see a tyreprint or two as well, but was disappointed. Instead, I bougbt her a postcard of Hollywood VW star Herble the Lovebug.

Back on Sunset, we roared in heavy traffic down that part of the boulevard that is still hip and happening – Sunset Strip.

This was more like it. Here was the Chateau Marmont, wbere comedian John Belushi died of drugs; the Viper Room, where actor River Phoenix died of drugs and the Spago restaurant, where even live celebrities have trouble getting a table.

At the Thunder Roedhouse, tbe motorcycle-shop-cum bike-bar owned by Dennis Hopper and Peter Fonda, we slowed down, thinking we might stop in. Then I saw the row of shiny, chromed, immaculately kept Harley-Davidsons parked outside, and drove on.

We did stop a few minutes later, though, in even more fashionable West Hollywood. The Santa Palm Car Wasb is a luxury eetablishment staffed by squads of men in overalls armed witb steam-hoses, water-hoses, air hoses and buffing cloths.

Here, on a long wall covered with autograpbed celebrity pbotos dedicated to the boys at the Santa Palm, I saw a picture of Dudley Moore in his just-cleaned Rolls-Royce. If Dud has it in him, I thought, so have I. A few minutes later Modestine was gleaming immoderately and disporting berself like a peacock. It was worth every penny.

The further west we went, the more chic Sunset Boulevard became. In Beverly Hills, we bought ourselves a "star map" and gazed at thick shrubbery behind which the likes of Michael Caine, Eddie Murpby and Rod Stewart were purported to live. There was no sign of life.

In Fred Hayman's on Rodeo Drive, under the signed pbotos of customers like George Bush and Colin Powell, I tried on a USD 2,000 cashmere sweater, but declined to buy it. Did Hayman have any motoring accessories, I inquired? I thought Modestine might *fancy me in a pair of driving* gloves. The clerk, lifting his nose, said I might try the Porsche design shop around the corner.

And so on to Bel-Air, the most exclusive destination in Los Angeles. It was much too late for one of the Bel-Air Hotel's celebrated power breakfasts, so I had a power-tea in the garden by a pond of swans instead.

Modestine, I suspect, may have even enjoyed the end to ber day on Sunset Boulevard more than I. For the first time in her long and inglorious career, sbe was valet-parked, and sat preening in a gaggle of Mercedes and Maseratis.

If I had not eventually pulled ber back to the open road and a sense of reality, sbe might be sitting there still.

Skiing

Teacher with a nose for powder

Patrick Zimmer fought the French ski school system and won. **Arnie Wilson** reports

It happened more than 20 years ago, wben there were still no ski lifts at La Daille or Le Fornet, and skiers were collected by a red Citroën van – the precursor of today's Train Rouge bus service.

A young Strasbourgois ski racer strode along Val d' Isère's main street for a sbowdown with the Ecole de Ski Français, the only ski school in town. Or in France for that matter.

Patrick Zimmer, built like an ox but like a gazelle on skis, was about to make history: he was to laonch the first independent ski school in France.

"I was fed up with working for the ESF," be said. "I was a *chinois* – an outsider – and faster in the slalom than they were. They did not like me very mucb. I thougbt: what are you doing here? I couldn't stand it any more, so I decided to start my own ski school.

"Being young and naive – I was 24 – I decided to present my marketing plans to my boss. I told him I didn't want to be in his ski school any more. From now on I was Top Ski – specialising in off-piste adventures.

"The guy laughed at me. And then it turned nasty. There were *beaucoup d'hostilités*. I was threatened with fists. My car was wrecked. But I took courage and went to court to defend my rigbt to exist. I didn't think about the consequences. I didn't understand that I was going to break the monopoly of the French ski school. It was a great moment."

Zimmer won his case, and was joined by his younger brother Jean and fellow racer, Ricky Girault. Jean purchased a Citroën van – yellow, to distinguish it from the official red van – from an Alsace butcher to transport clients.

Top Ski bas survived to celebrate its 20tb anniversary. About 130 clients, more than balf of them Britisb, gatbered in Val d'Isère to ski, eat and reminisce. During a banquet at La Savoyarde Hotel, Jean-Jacques Munier, Top Ski's first client, explained that "it was one of life'e lucky moments" wben be arrived in Val d'Isère looking for a ski teacber and found Zimmer.

Unfortunately Munier, now 65, injured his knee wbile skiing during the celebrations, and was resigned to missing the anniversary giant slalom race.

But, to his joy, be did complete the course – wearing his race bib – in a "blood waggon" escorted by the Top Ski instructors. "I've never come down to La Daille like that before!" be said with a grateful grin.

Simon Meredith-Hardy, the longest-serving Britisb client, said: "Top Ski bas been in business for 20 years without a serious accident, and with God's belp that will never change."

The various speakers were still going strong when, just before 2am, Irfan Ali, resident manager for Tbe Ski Company in Val d'Isère, arrived to drive us back to the Ski Lodge Lafitenia.

Before we knew it, we were waking to one of the loveliest chalet views in the Alps. The vast bowl of the Val Mancbet, its peaks tipped with pink, was flooding through the epacious window. The anniversary weekend had been blessed with constant blue skies and sunsbine, whicb turned early February into spring.

Even in Val d'Isère, blessed with so much off-piste and powder – fresb or even *transformé* – it is not always easy to find. Zimmer has even been known to take clients into avalanche fences to find it.

But tbere is never any problem about sniffing out good food. Whatever the conditions of the day bappened to be, those celebrating were sure of a gourmand weekend, including luncb at La Fruitière, an old dairy, lovingly transported from Bourg St Maurice, complete with dozens of old milk churns, at the top of the La Daille gondola.

And wben we finally fitted in an evening in the dining room at the Lafitenia chalet, Justin Miller, the chef, did not disappoint us.

Officially, with no serious snowfall for a month, the off-piste in Val d'Isère during our weekend was scarce. But this is always a challenge to the Zimmers, and sure enougb, Pat did his usual conjuring act and marched a few of us, including Nina Rindt, widow of the Austrian racing driver Jochen, up to the Col de L'Oille Noire (3,284 metres) from Le Fornet. From bere we found glorious fresh tracks down the deep, glittering snowpack of an unskied couloir in the Ouille des Reys, which we named "20th Anniversary Couloir".

We ended up miles away in the quaint little resort of Bonneval in the Maurienne Valley, skiing a few blissful runs under the awe-inspiring Alberon Glacier before a helicopter arrived to whisk us back to the slopes of Val d'Isère.

To Pat Zimmer, the era of the old yellow butcber's van must bave seemed a long time ago.

"God, I'm so happy," he said. Weren't we all.

■ *Arnie Wilson's visit to Val d'Isère was organised by The Ski Company at Abercrombie & Kent, Sloane Square House, Holbein Place, London SW1W 8NS (tel: 0171-730 5551), and Top Ski (00 33-479062842). Precision Ski, staffed almost entirely by British and Australian technicians, provided skis.*

Holiday Snap

A walk in the Picos

Wild strawberries are neither large nor very juicy but the precious handful we found by the footpath back to Potes was more welcome than a Wimbledon fortnight's worth of the cultivated variety.

The climb to the Collado de Porcieda, in the midday beat, had been thirsty work. The water was nearly gone and we fell on them as travellers in a desert. The Picos de Europa are full of strong scents and flavours.

Sometimes the roadside verges filled the air with the aniseed smell of Sweet Cecily or the tang of crushed mint. At a *panederia* near the village of Frama we bought *torta*, bread filled with bam and grey mottled cabrales, a goat's cheese more potent than Roquefort.

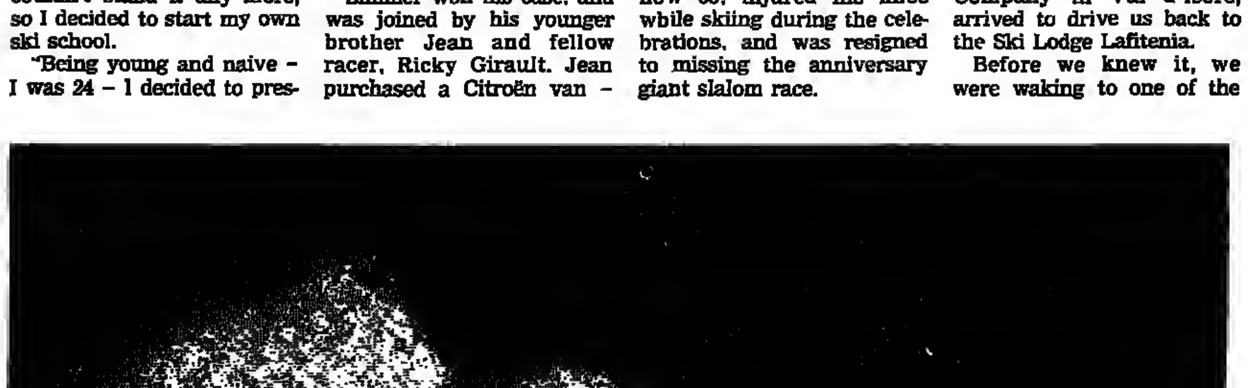
We had set out along a track shaded by holm oak and wild cherry. Here and there a patch of flowers would attract a miasma of butterflies. Traders from the bone dry region of Extremadura still go to the area to harvest the cork, transporting it by mule.

When the path turned upwards, and the landscape became stonier, there was broom and bell heather. Walking in the Picos, the highest part of that chain of limestone mountains known as the Corllera Cantabrica, which defends the coast of northern Spain like a fortress wall, is the perfect antidote to stress.

On all but the most popular routes you can hike all day and encounter no one.

■ *Picos de Europe, a Sunflower Countryside Guide, £9.99.*

Roger Bray



Towering success: Seven Springs' snow-making system is finding its way across tha globe

A mogul in the world of snow-making

Todd Shapera prepares for a man-made storm

Herman Dupre bas become the improbable Merlin of snow-making in the ski industry.

His diminntive resort, Seven Springs, in the Appalachian hills of Pennsylvania, is far from any of the industry's main Alpine regions. Yet representatives from some of the world's top resorts from Europe and the Rockies are this month migrating to Seven Springs for Dupre's annual snow-making spectacle.

As Seven Springs' lights bring a glow to the trails at night, Dupre will fire up his arsenal of more than 500 snow towers – weather permitting – and create a mid-winter storm that will blanket nearly 450 acres of slopes with snow.

Although the resort boasts only a tiny vertical drop of 250 metres, the visitors will be witnessing tbe largest, most efficient snow-making installation in the ski industry. Dupre's system pumps more than 30,000 gallons of water a minnte. No one else comes close.

Seven Springs' average annual snowfall is only 105in. Temperatures are not ideal for snow-making either. Periods of freezing temperatures are often interspersed with mid-winter thaws. Bnt when the slopes are white, they can attract 10,000 skiers at weekends.

A resort's snow-making capacity is linked to its water snpply and, hy design, Seven Springs has plenty. Dupre constructed a network of 50 ponds on his property. And whereas other snow-making guns were positioned on the ground, Dupre erected towers 13 metres high, giving the air and water time to form dry, powdery flakes before reaching tbe trails – a big improvement over the icy conditions associated with most machine-made snow.

The towers, wbich Dupre's son-in-law, Cbarles Santry, began manufacturing and selling four years ago through Snow Economics, a Boston company, are today found in many of the industry's élite resorts. Yet when Santry began, industry veterans laughed at the invention.

The towers are used in Anstria, Switzerland, Sweden and were also recently installed in Sierra Nevada, Spain, the resort that was forced to postpone the 1995 World Cbampionships because of lack of snow.

When one talks to Dupre abont bis unlikely path to becoming the doyen of snow-making, he shrugs.

After all, he believes that snow-making was discovered in an even more unlikely place – by citrus growers in Florida who sprayed their crops with water to protect them from frost. One cold night, a farmer combined air with the water to make a finer mist. The next morning, he discovered that he had made fresh powder.

TRAVEL

A most compelling refrain

Peter Aspden *steers clear of the tourist honeypots to find an older, more gentle Crete*

Tha guidebooks say that the monastery of Gouvernetou opens its gates at 3pm sharp, but it is already half-past and there is little sign of activity behind its locked doors. About a dozen tourists are milling round the entrance but they are *singularly unagitated; something to do with the still heat,* but also a resigned acceptance of the *siga-siga*, or slowly-slowly, culture which saturates this part of the world.

But one of us *is* beginning to stir with impatience. Not a watch-tapping German, nor a priggish Briton, but a local middle-aged man, Cretan to his moustache, who is fast losing his cool. At quarter-past, he started swearing at a volume calculated to wake the slumbering monks whom he supposed to be extending their siestas at his expense; now be starts beating at the door.

A monk appears at the window above the entrance to see what all the fuss is aboot. The man'a response is brief and obscene, and the monk alams shut the window. There is silence behind the walls, the tourists look bemused. About another 15 minntes, and the monk opens the door to tell us that no one in shorts will be allowed in. Everyone is wearing shorts. We are not to see the treasures of Gouvernetou this afternoon.

Personally, I darived more enjoyment from this cameo of *opera buffa* than from any church tour. It gave a spontaneous insight into the Cretan character: wilful, uncompromising, magnificently combustible. Zorba, that archetype of Greco-rogueish charm, was a Cretan, as was his creator Nikos Kazantzakis. The islanders, particularly those from the rugged landscapes of the west, are lauded throughout the Greek mainland for their toughness. They have defied waves of foreign occuplers, Venetians, Turks, Germans, and will not be silenced now that the invaders bear nothing more sinister than sun-tan oil and a casual disdain for the rules of the Greek Orthodox Church.

Masa tourism has not been kind to most of the island, but the west, including its pretty principal town Chania, continues its resistance to the conquering hordes. There is a feeling that the excesses of Greece's tourism boom have been avoided here; there is some new developmeot, but it is conspicuously sympathetic to taste and tradition.

The village of Megala Chorafia, little more than a church, a crossroads and a clutch of tavernas a couple of kilometres inland from the north-western coast, is an unlikely tourist destination, lacking any shops or lurid multilingual invitations to eat pizza and beer until the small hours.

But what it does offer is a rare sense of solitude and – rarer still – authenticity. In mid-September, the whole village, tourists included, is galvanised for the festival of St Stavros; but there is thankfully little compromise to foreign tastes. The taverna run by Giorgos and Elizabeth has hired one of Crete's most distinguished musicians, Psarantonis, to lead festivities.

His unsmiling, brooding performance would not look out of place in the intimate confines of a recital hall. He picks out the traditional Cretan *mantinades* on his *lyra* with near-religious intensity. The very thought of a group of tourists ambushing the performance with some drunken rendition of Zorba'a dance is inconceivable.

Soon he and his two accompanists on the *laouto*, a deeply toned string instrument, loosen up, and whole families cluster round the dance floor to celebrate the evening. It is a touchingly faithful scene, which cannot have changed much over the years.

Within walking distance of the village lie the archaeological remains of Aptera, or "wingless". Music looms large here, too: legend has it that the Muses and the Sirens held a musical contest here; the defeated Sirens plucked their wings and flung themselves into the bay, to be transformed into islands.

Today, there are less whimsical conflicts in the air: the bay of Soudha stretching below Aptera houses an important Nato base, though you get little sense of urgency from watching the stately progress of the warships from on high as they perform their own *siga-siga* manoeuvres round the bay.

But the bellicose ways of the eastern Mediterranean are easily forgotten with a drive northwards, to the Akrotiri peninsula, and the oddly shaped beach at Stavrós. A sheer mountainside overlooks the gently sloping beach, which provides perfect shelter from the occasionally brutal winds.

Here is where the final scene of *Zorba the Greek* was shot, in which Anthony Quinn laughs off the dramatic collapse of bis insane investment, and teaches the phlegmatic, uptight, ultra-English Alan Bates how to dance, dance and dance until your troubles are forgotten. Yes, *that* dance. For years, its lurching steps and ubiquitous *bouzouki* tune have remained a kitsch cliché of Greek *insouciance*. But in truth this troubled part of the world moves to a more complicated, and much lovelier, refrain.

■ *Peter Aspden travelled with Pure Crete (0181-760 0879). Prices for one week in a restored village house in Megala Chorafia from £850 (return flight from Gatwick to Chania inclusive), two weeks from £475.*

Enhancing the quality of life – in Barbados

Christopher McCooey learns about sustainability as he enjoys the topography of a tropical island

Walking through the sugar cane fields in Barbados — Christopher McCooey

We were peering into a set of old tyres arranged on top of each other. "It will handle anything. I've even put a cat in there. Dead, of course," said our guide. "Ah, ha," I thought, "the popular cartoon book will have to be revised: 102 uses for a dead cat."

Dr Colin Hudson la an improbable looking prophet – he is smallish, made more so by a slight stoop, as lean as a runner bean but with hairy legs. He was wearing shorts, a T-shirt, old hiking boots and a white, floppy hat, and sheltering under a black umbrella. The Barbadian rain was heavy and unrelenting.

Glasses added gravitas as did sandy-coloured hair that was going silvery at the edges. The give-away was the T-shirt, worn in the manner of those who used to tramp the streets with a sandwich board saying "Prepare to meet thy doom". On the front of his T-shirt it said: "Initiatives of Hope", and on the back: "Don't turn your back on your heritage."

"It'a outrageous ... so it just might work," said Hudson. He was not referring to the compost heap, which manifestly did work, but to tha philosophy of a sustainable society – one which uses resources without compromising future generations.

A group of us had been tramping through the pastures and fields of sugar cane in tha parish of St Thomas.

Hudson ofteo leads one of the weekly Sunday hikes sponsored by the Barbados National Trust; he uses the opportunity to spread tha word – sustainability. The countryside reminded me of England's west country, but with tropical wood such as mahogany, palm, casuarina and frangipani. But we walked along tracks and up and down narrow winding lanes, past churches and cricket pitches and neat allotments bursting with vegetables.

The 166 square mile island, slightly bigger than the Isle of Wight, is divided into 11 parishes all named after a saint, except for Christ Church. Barbados was originally aettled by a group from England, led by Captain Henry Powell, in 1627. Archaeological evidence suggests that Amerindians had lived there at some point but by the time the old world visitors arrived, it was deserted. No one knows for sure why this happened.

What is known is that the white servitude system, developed in Barbados in the 17th century, was the prototype of alavery. Thousands of African slaves worked there. Apart from the buman consequences, the environmental problems caused by rapid development were appalling – virtually all the indigenous forest was cleared for building purposes and fuel. Within 30 years firewood and building timber were being imported, and within 50 years there was massive erosion and fertility loss.

"The island had clearly entered a period of gross unsustainability," intoned the prophet as the warm rain trickled down our necks. Disaster was averted by a number of innovations. These included the use of animal dung as natural fertiliser, stabilising the soil to prevent gully erosion, burning cane waste to provide fuel, harnessing the wind to crusb the cane – the island has 50 stone-built windmills – and crop rotation to provide food self-sufficiency.

Barbados, at the end of the 17th century, had become the centre of development and a model island for the rest of the Caribbean. Not only was it capable of being more than agriculturally self-sufficient, but there were thriving industries, including tha servicing and building of ships. Even the tourist trade is 200 years old.

According to Hudson, a 30-year resident on the island, the last three decades have seen a great erosion of the island's self-sufficiency once again, in both agriculture and manufacturing.

"The indicators of development are measured more in dollars than in sense," be says. "Crime, drugs, mediocrity, unhappiness, incompetence, derelictioo are all on the increase. But we waste our time in discussing who or what to blame. It's what we are doing about it that is important. Welcome to the initiatives of hope."

The walk in the rain, the fascinating history, was an opportunity for Hudson to get his message across. The doctor has given up his work as an agronomist to become the facilitator of The Future Centre Trust.

The trust is setting up an exhibition ceotre near the cruise ship terminal in Bridgetown. The building earmarked is the Bulk Sugar Store commissioned in 1961 for a crop of 200,000 tons, the current crop is only about 50,000 tons. "A splendid example of recycling a building," enthuses Hudson.

The trust's mission is to enhance the quality of life in Barbados and to become, once again, three ceoturies on, a role model in the search for sustainable economies. And, in its way, the composted cat is, too, a role model.

General information

■ The Barbados National Trust hikes are held every Sunday from a different location each week. Hikes take in all 11 parishes on tha island and start at 6am and 3pm.

■ Barbados National Trust, 10th Avenue Relleville, St Michael, Barbados Tel: 001-809-436-9033. Dr Colin Hudson may be contacted at The Future Centre Trust, Edgehill St Thomas, Barbados Tel/Fax: 001-809-425-0075.

■ Christopher McCooey was a guest of Elegant Resorts and stayed at Sandy Lane Hotel. UK contact address: The Old Palace, Chester CH1 1RB. Tel: 01244-897999, fax: 01244-897990. He flew to Barbados courtesy of British West Indian Airways. Tel: 0181-577 1100, fax: 0181-745 4305.

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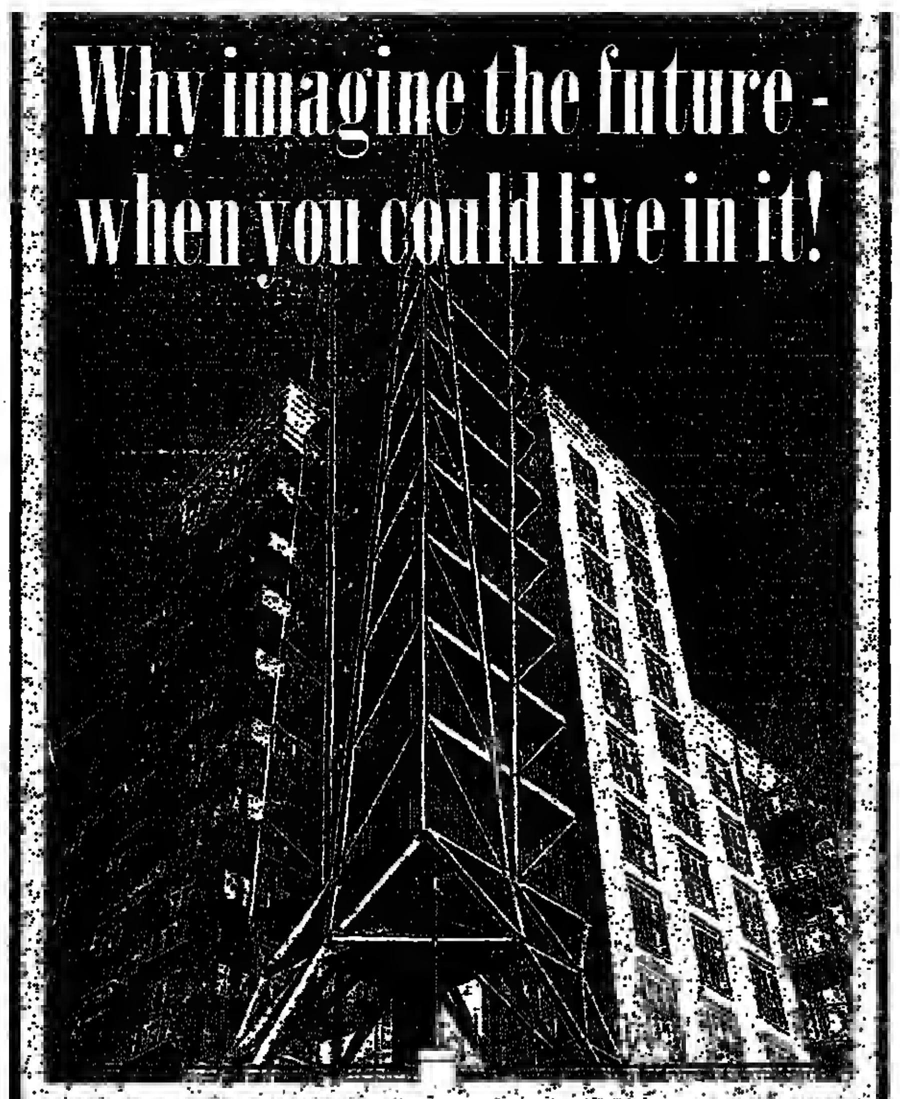

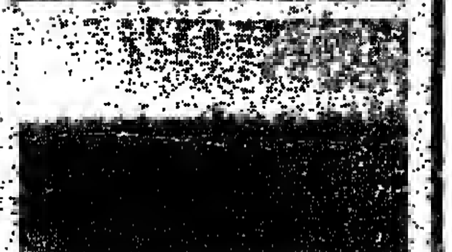

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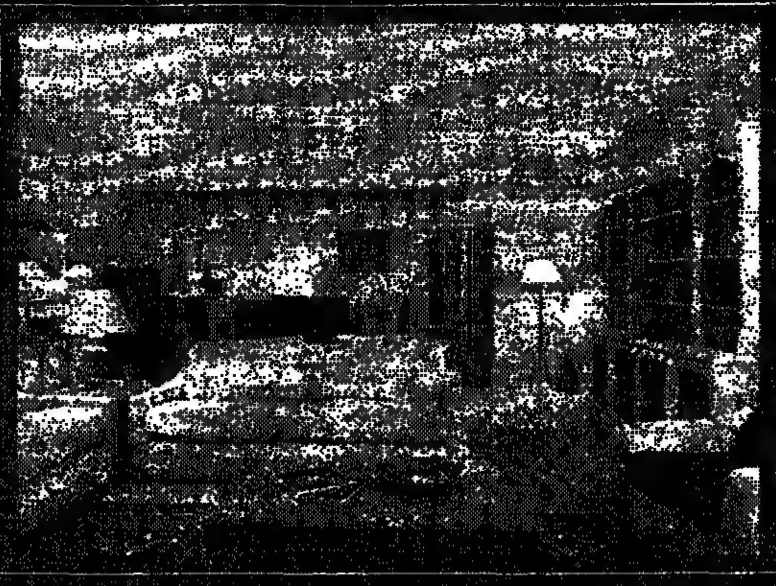

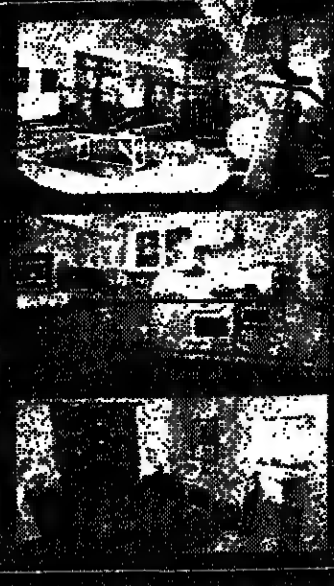

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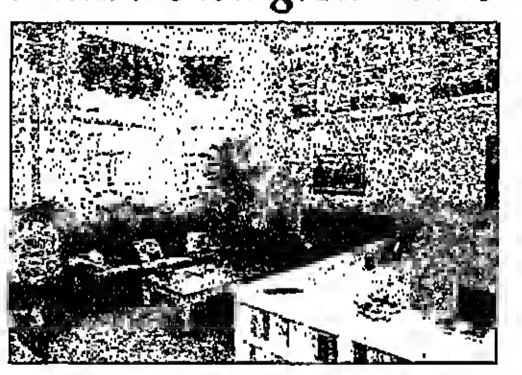

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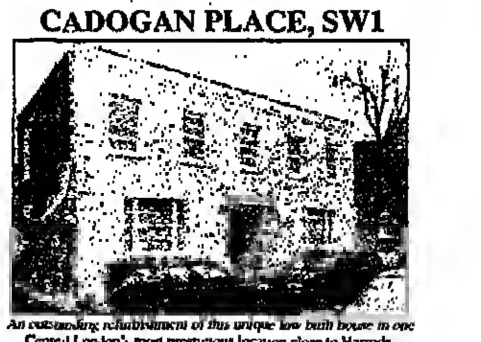

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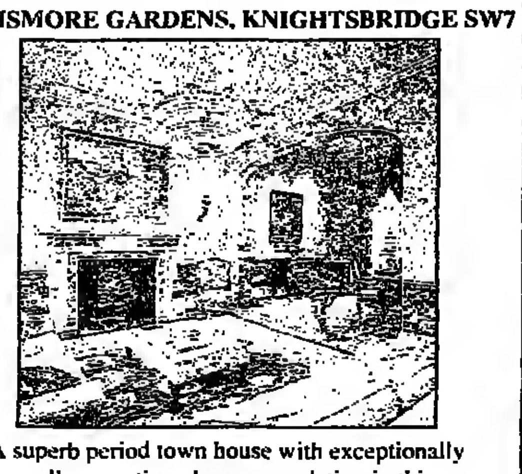

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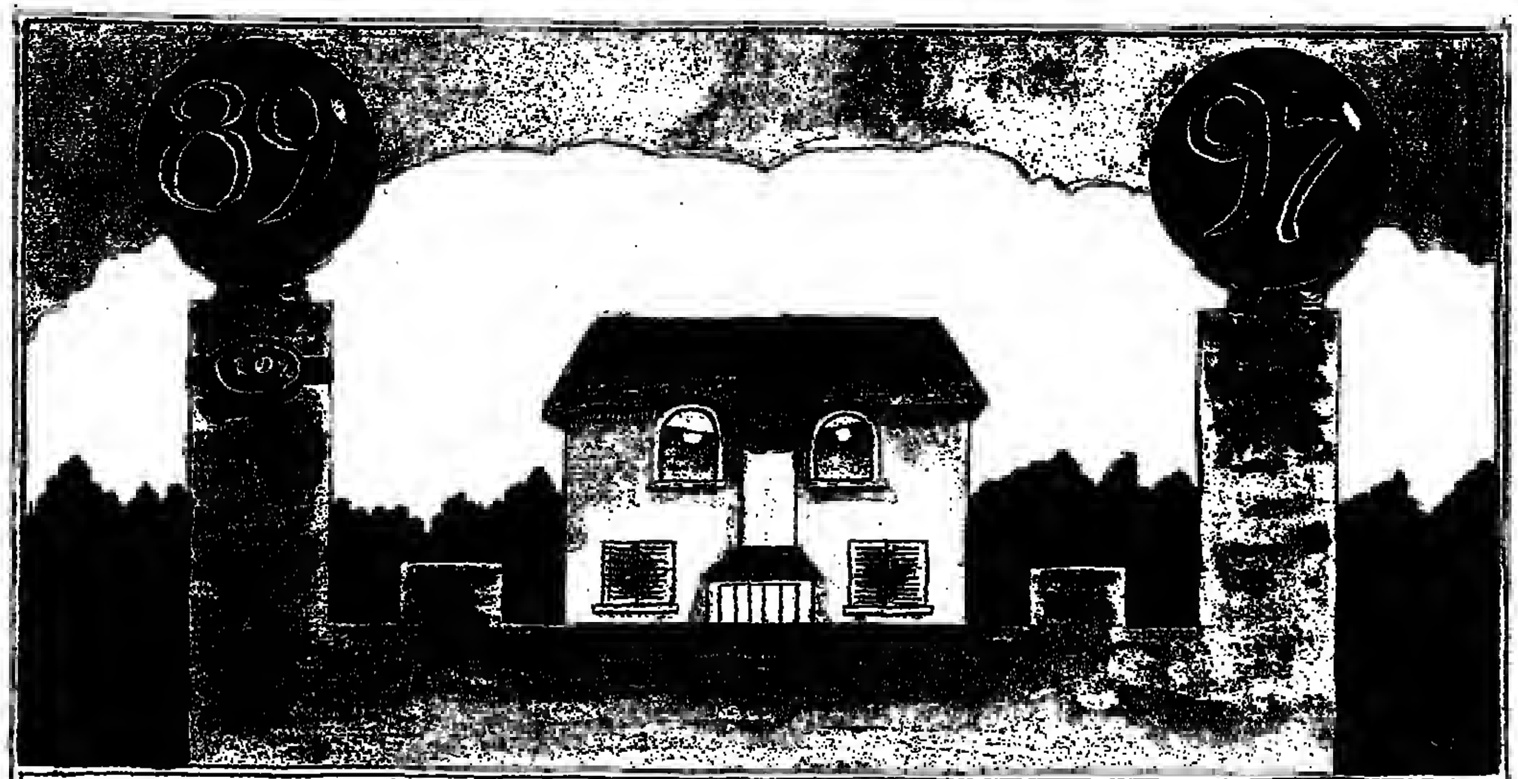


WAIT TRAINING

Feel the pain, then sell

House values in the UK are up but owners are still holding back, says **Anne Spackman**

Before home owners will voluntarily put their houses up for sale it seems they have to pass what Patrick Ramsay of Knight Frank terms "the pain barrier". He calculates this as the value of their house at the peak of the market in 1989, plus 10 per cent.

For most UK home owners this is not a difficult calculation. Almost anyone who bought their house before 1990 knowa what it was worth in the summer of 1989. Unless forced by finance or circumstance, few are prepared to sell for anything less – regardless of when they bought it and how much monay they have made. (The extra 10 per cent is partly to cover the improvamants they have made and partly to protect their dignity.)

The biggest problem for people trying to move in the current market has been the lack of suitable property for sale. Many UK estate agents have advanced the view that more properties will come on to the market as prices rise back to their peak levels. With prices now above their peak in some locations, how does this theory stand up to the test?

Savills' index of all prime central London property passed its peak in June 1995. The market was quiet in the months that followed, but then took off in November and bas not looked back since. John D Wood, the London-based estate agency, saw turnover increase 28 per cent in the six months ending in October 1996.

Central London houses are now trading at 20 to 30 per cent above their 1989 peak, with flats rather lower. This still leaves London property cheaper now than in 1989 in real terms, but when it comes to property, people seem to work only in nominal prices.

In the London suburbs prices are also well past their peak for family houses. Douglas and Gordon are selling a four-bedroom house in Battersea for £370,000, which was bought for £235,000 in 1989 – though the owners have made some improvements. The price rises have brought some extra sellers out of the woodwork, but not enough to satisfy the huge demand.

Savills' index of prime country houses stands six points below its peak of 212.4 in June 1989. However, in Surrey, it passed its peak at the beginning of 1996 – to significant effect.

Last year Savills' Surrey office in Guildford doubled its business over the previous year in terms of value and number of houses sold. The doubling of turnover was good for transactions but it did nothing to improve the shortage of good property for sale, as few sellers were moving out of the market, while the number of buyers coming out of rented accommodation steadily grew.

Tommy de Mallet Morgan, who runs Savills' Guildford office, says: "I think that when the penny dropped that bouse prices had recovered from their 40 per cent fall and that you could get your money back, that was when the market moved into a different gear.

"What is happening this year, now that people know they can get back what they paid, is that they want to know how much more they can get. The market is moving into a totally different gear in terms of people's expectations."

In Bath, there is also some evidence that passing the 1989 peak has an impact on turnover. Savills' index for the west of England is just below its peak of 212.7, at 205.4. But Paul Jarman, who runs the Bath office, says that that average disguises different patterns in different market sectors.

In the £200,000-£300,000 price range, prices are still lower than they were in 1989. However, as you move up the price scale, today's prices pass those at the peak. In 1994 Savills in Bath did not have a single house to sell worth more than £750,000. Last year it had at least six. Turnover in the office increased 60 per cent during the year, as prices rose.

In the country cottage market, Strutt and Parker believe peak prices have just been passed in the strongest parts of the country such as the south-west. Their Exeter office is selling a four-bedroom cottage in 4⅓ acres for £155,000 which was worth £135,000 in the summer of 1989.

But Scottish estates, where individual properties are difficult to compare, are still selling for less than they did in 1989-90.

Knight Frank's index of country houses shows Gloucestershire hitting its peak and east Berkshire just a few points off. Patrick Ramsay believes prices have to rise further before people feel comfortable about selling. "In the 1980s boom, houses became an all-embracing subject," he says. "The peak valne of someone's house was what they were personally worth – albeit for a day.

"It wasn't just that prices went up, but tbat people started to spend enormous sums of money on refurbishment. When you talk to someone they will say they paid £800,000 for their house and spent £250,000 on it, so they want £1.2m. Psychologically people don't want to feel they have lost money."

In the mainstream house market the Halifax index is now 5.6 per cent below its peak of 227.4 in May 1989. At its lowest point it fell to 13.2 per cent. Perhaps surprisingly, that low point came as recently as July 1995, nearly three years after the prime market had bottomed out.

A good example of what this means in terms of prices comes from Halifax Property Services in Brighouse, west Yorkshire. It is selling a three-bedroom, semi-detached house for £64,000, which sold in 1990 for £66,000. (This is almost exactly the average UK house price as measured by the Halifax index.)

Turnover in the mainstream market did increase with price rises last year, from 1.1m to 1.2m, just as it fell with prices in 1995. But the mainstream market may have to wait until the 1989 peak is passed before it switches up a gear in the way London did in 1996.

Though there is some evidence that owners are more willing to sell once they have passed through the "pain barrier", there is also a fear that rising prices will persuade others to stay put.

Savills has predicted that house prices will rise 50 per cent by the year 2000. To those who might be thinking of trading down pre-retirement, that seems like a good reason to wait. As Ramsay points out, where else would they get the chance to increase their worth by so much in so short a time?

On the Move

Low point for lettings

New flats will help the rental market. **Anne Spackman** reports

Further evidenca that the London rental market is shrinking comas from tha latest lettings journal published by Hamptons International. The number of lettings the company handled fell by 17 per cent in the final quarter of 1996 – traditionally the quietest period of the year.

Properties available for rent also fell by 20 per cent, compared with tbe same period in 1995, while the number of would-be tenants stayed the same. This means tha trend for demand to exceed supply looks set to continne – at least in the short term.

This year and next will see a significant increase in the supply of new flats to rent in London, as those new developments sold primarily to investors come on to the market. In Docklands alona Cluttons estimates that nearly 4,000 new homes will be completed over the next two years. Many have been sold off-plan to investors, both from south-east Asia and, increasingly, from Britain.

Thanks to tha lettings industry's Buy-To-Let initiative, the nnmber of UK landlords continnes to grow steadily. In the final quarter of 1996 they made up 46 per cent of Hamptons' investors, compared with 36 per cent in the final qnarter of 1995. Investors from Hong Kong and Singapore fell from 43 per cent to 33 per cent of the market during the same period.

However, Bill McClintock, who runs Hamptons in Singapore, expects this trend to reverse. He predicts an increase in purchasers from south-east Asia during 1997. With measures to halt property specnlation already adopted by tbe Singaporean government and being considered in Hong Kong, he expects mnch of the money made from property in these two countries to be spent in the UK market.

While the London rental market is in decline, the country lettings market, which is tiny by comparison, is experiencing the opposite trend. Demand from families for weekend cottages, and houses to tide them over between purcbases, continnes to grow.

Hamptons recorded a 22 per cent increase in tenants registering and a 16 per cent increase in homes available during the final quarter of last year.

■ The two mainstream house price indexes run by the Halifax and Nationwide bnilding societies once more performed their monthly bob and curtsy in December and January, with one rising, while the other fell.

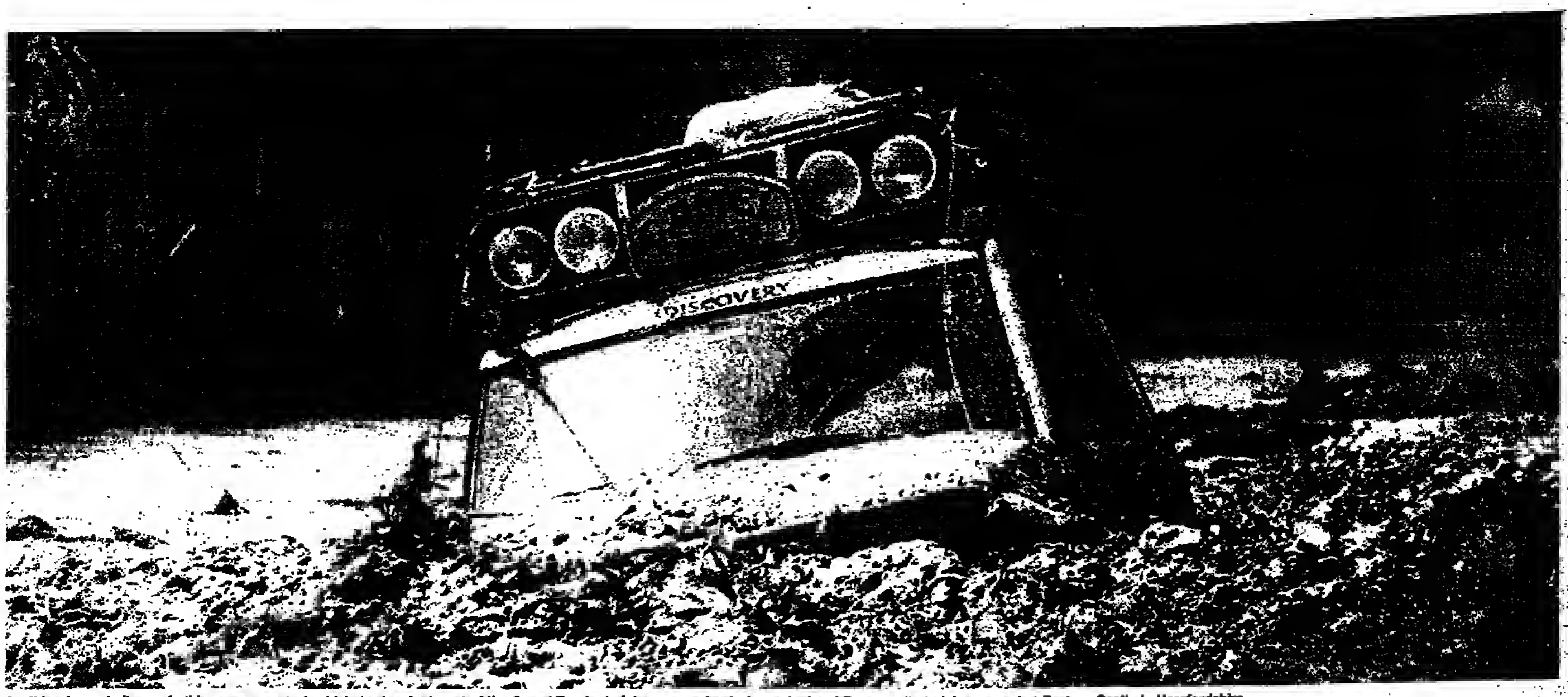
Last month the Halifax showed prices slipping 0.6 per cent while the Nationwide reported a rise of 0.7 per cent. In December the positions were reversed. What both indexes show is that mainstream house prices are recovering steadily rather than spectacnlarly.

This improvement, coupled with falls in nnemployment and continuing low interest rates, has greatly rednced the number of homes being repossessed by mortgage lenders. At 18,460, the number of repossessions for the second half of 1996 was the lowest since 1991, though it remains a heavy toll of misery.

MOTORING

From mild to wild: the lure of off-roading

In the third of a series on motoring holidays, John Griffiths finds 4x4s can be exciting but not always welcome



Anything for a challenge: in this case, a spot of vehicle 'swimming', part of the Camel Trophy training course for 4x4s run by Land Rover on its training ground at Eastnor Castle in Herefordshire

First, the downside – and it is long and steep. Most four-wheel drive owners know, at heart, that their choice of vehicle has all the logic of a mountaineer choosing to live in the Netherlands.

Most 4x4s are large, with the aerodynamics of a haystack. Couple this with their complexity and they are extremely heavy – even the small ones – with handling to match. And their fuel consumption makes happy men of petrol station proprietors.

Around 95 per cent of those buying 4x4s – or sporta-utility vehicles (SUVs), to give them another name – will charge across rutted fields only in their dreams. They will confront no peaks, only paradoxes.

The 95 per cent figure is not mine but that of the Goodyear tyre company. Believing that the demand for SUVs (and its own products) would continue to soar, it conducted research in the European market. And, along the way, it found thet while 55 per cent of owners *claimed* to use their vehicles off-road, less than 5 per cent really did.

Happily for the makers – including Land Rover, soon to introduce the Discovery's smaller brother, the CB40; and Mercedes, which has an Alabama-built SUV on the way – most 4x4s are *patently not* bought mainly on logic. As David Thomas, Goodyear GB's marketing development manager, points out: "Most people buy them to express individuality; to imply that they are types ready for adventure, even if the expedition is usually to school or the supermarket."

Yet, to write off SUVs as a fashion fad for all except foresters and farmers is to do them gross injustice. Point even the most mediocre at a rutted track, mountain slope or even deepish river and, driven properly, its capabilities will amaze. The call to adventure is real – although usually lost in the cacophony of urban traffic.

To answer this call, however, is often to confront another – and potentially painful – paradox. Advertising by the makers invariably shows an adventurous SUV triumphant atop wild and romantic scenery. It never mentions that the adventure can include hostilities with walkers and horsemen for whom SUVs are a thoroughly unwelcome intruder into country tranquillity.

This is no minor matter. Recently, although with green-tinged misgivings, I took a Mitsubishi Shogun along the Ridgeway, an ancient, unpaved (and thoroughly unpictnresque) *ribbon* which snakes for miles across the high Downs of southern England.

It was all quite legal. I drove slowly and strictly according to Lara's theme – the code of conduct for off-road driving drawn up by the Land Access and Recreation Association. But no smile or act of appeasement – other than driving off the nearest cliff – could have muted the hostility I met from ramblers and riders.

Is, then, a *short* break or a holiday based around an SUV's go-anywhere capabilities merely wishful, and selfish, thinking? The answer is "no" – but with a great many reservations. In northern Europe, at least, the greatest of these relates to access.

In Britain, for instance, the 4x4 owner has no right of vehicular access to countryside or beaches except on designated "green" roads or other, variously defined, unpaved routes. Where access is allowed, the types of route and conditions attached are complicated and best tackled with Lara's access guide (see table for details of where to contact Lara).

Used in conjunction with the Ordnance Survey's Landranger and Pathfinder maps, it is possible, with effort, to create itineraries for exploring some of the surprising 120,000 miles of unpaved UK routes, although much is footpath only.

Faced, however, with all that resentment from those on horse and foot, what about continental Europe? Can true escape be found there?

The fact is that, in most north European countries, off-road restrictions are as strict as in the UK and resentments similar. Germany has many off-road clubs but most drivers must use tightly controlled routes. In *Switzerland just last* week, it was only grudgingly that walkers gave way to our Grand Cherokee on its way down a snowy mountain road they thought closed.

In summer, though, the high passes of the Alps and Dolomites, some older ones still not fully paved, can provide challenge and excitement and most routes are usable by any vehicle. In the valleys, there are plenty of places to stay.

It is further afield, though, that the SUV comes most into its own. To sniff true adventure, travel in Turkey east of Ankara, through dusty trails to Sivas in the Pontine mountains, and on past Erzerum along the old, unpaved Silk Route towards Tashkent and Samarkand.

Even this far out, on the fringes of Kurdish country and not wholly imagined dangers, the need to carry food and *other expeditionary hardware is not urgent:* the casually travalling SUV driver will be unlucky not to find a cheap – *if colourful* – Erzerum hotel room and a friendly welcome. But the irksome reality, particularly for those burdened by heavy workloads, is that all such individual adventures require time in planning and execution that few can afford.

Other answers lie closer to hand (see table) – and none better than *Land Rover's* "Invitations" programme. In liaison with a variety of specialist operators, it can take owners off-road all round the world.

There is, for instance, an organised seven-day safari through the High Atlas mountains of north Africa and on to the fringes of the Sahara, including a night in a Berber camp under the stars. Or there is a trek across North America's *Great* Divide, reaching 13,000ft in the Rockies. More challenging *still,* how *about* 10 days of fording rivers and tented camps crossing Australia's vast Outback?

There are more than a dozen such programmes, from mild to wild. The worst – a weekend training course for the notorious Camel Trophy, including bridge building and vehicle "swimming" – takes place at Land Rover's training ground at *Herefordshire's Eastnor Castle.*

Costs vary from a few hundred pounds for a weekend's off-road driver/training at Eastnor to several thousand (excluding air fares) for the exotica. And most have the advantage that your own SUV remains clean – in the garage.

Who to contact for further details

Land Access & Recreation Association, tel. 01543-46 721; *Land Rover "Invitations", tel/fax: 01564-778 251.* Driver training: Vauxhall (01582-34 404 for seven UK sites); Motor Safari, 01352-770 769 (Wales); Acorn Activities, 01432-830 0830; Brands Hatch Off-Road Centre (Kent), 0990-12 520; Forest Enterprise (Shropshire), 01584-87 542. General information: All-Wheel Drive Club, P.O. Box 6, Fleet, Hampshire. Regular international background: International Off-Roader magazine (major newsagents).

BMW's 5-Series Touring: a proper sporting estate car in all but name. The company calls it 'a tailor-made suit with large, elegant pockets'

Tailored to near perfection

BMW's 5-Series Touring is everything a modern car should be, says Stuart Marshall

No, says BMW firmly, the new 5-Series Touring is not an estate car. It is a BMW saloon offering an even wider range of practical benefits. "Yon might call it a tailor-made suit with large, elegant pockets," said one of the men from Munich when the new model made its debut in tha snowy foothills of Zugspitze, Germany's highest mountain, earlier this month.

I prefer to call the Touring a 5-Series estate car because that is what it is – and a stunningly good one at that. Consider the facts. It will seat five people and carry far more of their luggage than could be fitted in a boot.

Touch a button; the rear bench *folds instantly,* creating a load floor just over 6ft (1.86m) long and nearly 3ft 7in (1.09m) wide. The headrests do not have to be removed first, and concealed springs make lifting the seats back up again almost effortless.

Roomy though it is, a Touring is not in the same class as a traditional, rear-wheel driven Volvo as an antique dealer's load shifter. But, if the owner should want to dump an *old fridge,* there is plenty of room for it and – as an optional extra – a sliding false floor that extends up to 2ft (60cm) behind the bumper.

This takes some of the effort out of humping heavy things on board. And, as it supports 75kg (165lb) when pulled right out, it would be ideal as somewhere to sit children while removing their muddy wellingtons before allowing them *into* tha BMW's grand interior.

The tailgate has a power-assisted "soft close" – an idea pioneered several years ago on Mercedes-Benz estates – and is unlocked electrically. You have, of course, to lift it manually, *but gas springs are there to* help and closing is made easy by two grab handles built *into* the inner lining so you will not dirty your hands. For putting small packages aboard, the rear window power-opens separately from the tailgate.

When extended to its full length, the load floor is completely flat. If a wide object will go through the tailgate opening, it will fit inside the Touring because BMW has redesigned the *self*-levelling rear suspension. The shock absorbers are now horizontal, not vertical, so they no *longer intrude into the load* space. And the spare wheel is under the floor.

If I have gone on at length about the Touring's load carrying capacity, it is only because, in every other respect, this is what you expect a 5-Series BMW saloon to be. By which I mean it is potent and refined, has an excellent ride, and corners tenaciously.

Its courtly handling on slippery, sinuous mountain roads, and sure-footed traction on snow, are due largely to what BMW calls ASC+T. This is an electronic system using the anti-lock brake sensors to detect and curb wheel-spin by matching engine power to tyre grip.

Petrol-engined 5-Series Tourings have two-litre, 2.3-litre and 2.8-litre straight sixes or a four-litre V8 with outputs ranging from 150 to 286 horsepower. The diesel is a *turbocharged and inter*-cooled 2.5-litre straight six. Standard transmission is five-speed manual – six-speed on the V8 – and automatic transmission an optional extra on all but the V6.

I drove a 525tds from Munich to Ibsee, a 528i on the way back. The 525tds has to be one of the silkiest diesels in the world. Even when idling, there is virtually no vibration because tha hydraulic engine mountings soften automatically.

On the autobahn, a driver will know it is a diesel only because refuelling stops will be further apart. Overall consumptions, according to the new and more realistic EU average, range from 32.1 mpg (8.8 l/100km) for the diesel to 21.7 mpg (13 l/100 km) for the four-litre V8.

The diesel's 143hp output

> It isn't in a Volvo's class as an antique dealer's load shifter but there's plenty of room for an old fridge

is lower than that of the two-litre petrol engine but its torque (pulling power) is the same as the 2.8-litre's and is produced at little more than half the number of revolutions. What this means in practice is that it pulls like a train in high gear and romps up hills without need to change down. Direct injection engines are even more economical than the indirect injection BMW diesel, but few get near it for urbanity.

If one were looking for trouble, one might criticise the BMW's clutch for its rather long throw. Otherwise, hand on heart, I find the 5-Series Touring just about impossible to fault. It embodies everything that is good about the modern car. The only real snag for many people is the price.

When the first right-hand drive versions reach Britain in April, the 525tds will cost around £27,150 (SE version with air-conditioning, £28,550) and the 528i SE, around £31,890. A cheaper 520i (£25,350, SE version £27,050) follows in May, together with a brace of 523i models at £27,290 (SE version £28,890). The 540 (guide price £44,420) will not arriva until August.

By previous BMW standards, the 5-Series Touring is equipped quite lavishly; even a six-speaker radio is part of the package, as are a *pair of front and side airbags* for driver and front passenger, ASC+T traction control, self-levelling rear suspension, three proper lap and diagonal seat belts in the back, and heated door mirrors and screenwash nozzles.

BMW (GB) reckons it will sell 1,000 this year. The most popular model will probably be the 523i, with 30 per cent of registrations, followed by 520i and 528i (25 per cent), 525tds (12 per cent) and 540i (8 per cent).

Both models I drove had manual gearboxes; the £29,720 automatic turbo-diesel SE, which I have little doubt would be my personal choice, is a treat in store.

There's no substitute for a map

Stuart Marshall makes his choice from the many on offer

In-car systems, based on computers and space satellite technology, that guide yon by voice and electronic data panel to your exact *destination are miracles of* technology. They are also very expensive. Typically, the Carin navigation system that BMW (GB) offers in its 5-Series and 7-Series cars, which already have a display screen for their in-car compnters, costs around £3,000.

But less affluent motorists need not despair. The first car telephones cost about £1,000 and were *fixed permanently in place.* Now, a truly mobile, pocket-sized telephone is often thrown in for free when you buy a new family hatchback.

So it is on the cards that having a car with an electronic navigation system will be no more remarkable early next century than having an air-conditioned one today.

Meantime, there is no substitute for a good map. There are so *many around* that it is difficult to choose. I prefer those with spiral binding because the place I am looking for often seems to be in the crack in the middle.

A scale of 1:200,000 (three miles to the inch) is about right for route-finding and main road driving. On Collins' 1:200,000 road atlas (£6.99), motorways and main roads are easy to follow, minor roads and lanes – shown as thin red lines – less so.

In this respect, the AA's Big Road Atlas (£7.99) and the Ordnance Survey/Hamlyn atlas (£6.99) are better. So is Philips' MultiScale road atlas (£9.99, spiral bound). This also has larger-scale (1.5 miles to the inch, or 1km to 1cm) maps of the approaches to major conurbations.

On this scale throughout (apart from the extreme north of Scotland) is the best road atlas of all, Philips' Navigator (£19.99), which shows every road in the *British Isles* on which you can drive and quite a few – farm and forest tracks, for example – on which you cannot.

For serious map readers only, it is heavy enough at 2kg (4.5lb) to make arms ache and, unfortunately, it is not spiral bound. But when going to unknown parts, I would not be without mine.

□□□

Jersey has banned all vehicles equipped with bull bars from its roads. Will the UK follow the Channel Islands' good example? The answer is almost certainly yes, but not for some time.

A Commons bill that would ontlaw these absurd and potentially dangerous attachments has won an unopposed first reading in parliament. But it looks as *if the UK will opt to wait for EU legislation.* This could take some time and will probably only apply to new vehicles.

One UK insurance company, CGA Direct, set a good example last year by refusing cover on any road-going vehicle equipped with metal bull bars. It estimated that about 600,000 sets were in use in the UK at the end of 1995 and now believes tha total has risen to around 800,000.

It became illegal for any Jersey-registered, road-going vehicle to have bull bars from the beginning of this year. Vehicles with them cannot be driven, registered, sold or have their ownership transferred. Visitors are exempt for now, although they will be encouraged to do the decent thing and take them off.

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

■ AARHUS

EXHIBITION
Aarhus Kunst Museum Tel: 45-86 13 52 55
● French Masterpieces – from Matisse to Picasso: exhibition of the collection of Johannes Rump, donated to the Danish National Gallery in 1928 and including 14 paintings and 5 sculptures by Matisse, work by André Derain and late cubist pieces by Braque and Picasso; to Mar 9

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● L'enfance du Christ: by Berlioz. Conducted by Philippe Herreweghe, performed by the Orchestre des Champs Elysées, La Chapelle Royale and the Collegium Vocale Gent. Soloists include Olivier Lallouette, Ian Bostridge and Laurent Naouri; 8.15pm; Feb 18
● National Philharmonisch Orchestra: with conductor Bertrand de Billy, soprano Angela Gheorghiu and tenor Roberto Alagna perform works by Gounod, Bizet, Massenet, Bellini, Donizetti and Puccini; 8.15pm; Feb 20

EXHIBITION
Rijksmuseum Tel: 31-20-6732121
● Reflections on the Everyday - Dutch Genre Prints from the 16th and 17th century: In the late 15th century, woodcut artists and engravers began portraying scenes of everyday life in prints. Amorous couples, farmers on their way to market, groups of musicians; scenes such as these were especially popular in the 17th century. This exhibition provides a survey of the genre prints with works by van Leyden, Rembrandt and van Ostade accompanied by some lesser known prints by their contemporaries; to May 4
Van Gogh Museum Tel: 31-20-5705200
● Sir Lawrence Alma-Tadema: retrospective exhibition of the work of the painter Lawrence Alma-Tadema, who was born in the Netherlands, but settled in London in 1870. In Victorian England he became popular for his idealised, but accurately detailed and colourful scenes of Greek and Roman life. The exhibition features some 70 paintings and a selection of watercolours from international collections. Also on display are photographs from the artist's own collection showing the influence of photography on his work; to Mar 2

■ BARCELONA

CONCERT
Paleu de la Música Catalana Tel: 34-3-2681000
● Felicity Lott: performance by the soprano accompanied by pianist Roger Vignoles. The programme includes works by Schubert, Mendelssohn, Brahms, Chabrier and Britten; 9pm; Feb 21

■ BEIJING

EXHIBITION
China Art Gallery Tel: 86-1-442152
● From Zurbaran to Picasso: Masterpieces from the Collection of Carmen Thyssen-Bornemisza: display of 60 paintings from the collection of Baroness Carmen Thyssen-Bornemisza, ranging from the mid 18th to early 20th centuries. Featured artists include Canaletto, Vanvitelli, Bierdstadt, Bastida, Meifren, Gauguin, Pissaro, Monet, Picasso and Kandinsky; to Mar 9

■ BERLIN

CONCERT
Deutsche Oper Berlin Tel: 49-30-3438401
● Carmina Burana: by Orff. Conducted by Rafael Frühbeck de Burgos, performed by the Deutsche Oper Berlin. Soloists include Fionnuala McCarthy, George Fortune and Uwe Peper; 8pm; Feb 20 (7.30pm), 22

EXHIBITION
Berlinische Galerie - Martin-Gropius-Bau Tel: 49-30-254860
● Edward Kienholz: A Retrospective: exhibition tracing the works of Edward and Nancy Reddin Kienholz over the past 40 years. The couple's work embraced aspects of Pop Art and Surrealism, influences apparent in their installation work shown here; to Mar 31

■ CHICAGO

OPERA
Civic Opera House & Civic Theatre Tel: 1-312-332-2244
● Norma: by Bellini. Conducted by Carlo Rizzi, performed by the Lyric Opera of Chicago. Soloists include June Anderson, Olga Borodina and Richard Margison; 7.30pm; Feb 19, 22

■ COLOGNE

CONCERT
Kölner Philharmonie Tel: 49-221-2040820
● Christoph Prégardien and Michael Gees: the tenor and pianist perform works by Schubert; 8pm; Feb 20

EXHIBITION
Schnütgen Museum Tel: 49-211-2212310
● Beuys und das Mittelalter: exhibition examining the influence of the Middle Ages in the work of artist Joseph Beuys. Common characteristics with work from the period include usage of colour as symbolism; to Apr 27


London theatre: Corin Redgrave in 'The General from America' Alastair Muir

■ COPENHAGEN

OPERA
Det Kongelige Teater - The Royal Theatre Tel: 45-33 69 69 69
● Turandot: by Puccini. Conducted by Asher Fisch, performed by the Royal Danish Opera. Soloists include Audrey Stottler, Kurt Westi and Bengt Ola Morgny; 8pm; Feb 22

■ DRESDEN

OPERA
Sächsische Staatsoper Dresden Tel: 49-351-49110
● Tosca: by Puccini. Conducted by M. Albrecht and performed by the Staatsoper Dresden. Soloists include Sippla, Brohm and Jahns; 7pm; Feb 20

■ DUBLIN

CONCERT
National Concert Hall Tel: 353-1-6711888
● Vladimir Ashkenazy: the pianist performs works by Beethoven and Chopin; 8pm; Feb 19
● Trio Recercare: the guitar trio perform works by A. Diabelli, M. Miletic, A. Piazzolla, F. Gragnani, B. Battisti D'Amario and Vivaldi. Part of the National Guitar Week; 8pm; Feb 17

OPERA
National Concert Hall Tel: 353-1-6711888
● Moldavian National Opera: with conductor Alexandru Samoila and soloists from the Romanian Opera perform works by Puccini and Verdi; 8pm; Feb 18

■ EDINBURGH

EXHIBITION
Scottish National Portrait Gallery Tel: 44-131-5568921
● Double Vision: exhibition devoted to stereoscopic photography, first developed in the 1850s. The images, which can be seen through hand-held viewers, include panoramic views, portraits and humorous scenes; to Feb 23

■ FORT WORTH

EXHIBITION
Kimbell Art Museum Tel: 1-817-332-8451
● Georges de la Tour and His World: exhibition bringing together 32 paintings by the 17th century French painter Georges de la Tour and 10 works by leading contemporaries, including Caravaggio, Jacques Bellange, Simon Vouet and Hendrick ter Brugghen. The works, selected from public and private collections in Europe, the US and Japan, serve to illustrate the place and meaning of La Tour's art in the context of early 17th century culture; to May 11

■ FRANKFURT

CONCERT
Alte Oper Tel: 49-69-1340400
● Alfred Brendel: the pianist performs works by Schubert; 8pm; Feb 19

■ GENEVA

CONCERT
Victoria Hall Tel: 41-22-3283573
● Orchestre de la Suisse Romande: with conductor Jesus Lopez-Cobos and violinist Isabella van Keulen perform works by Brahms; 7pm; Feb 20

■ HELSINKI

EXHIBITION
The Finnish National Gallery - The Museum of Foreign Art, Sinebrychoff Tel: 358-9-17336360
● The Tiger's Gaze - Traditional Korean Painting: exhibition examining the arts of Korea from the 18th century to the present day. Included are landscape panoramas made up of paper scrolls; from Feb 20 to May 5

OPERA
Opera House Tel: 358-9-403021
● Boris Godunov: by Mussorgsky. Conducted by Eri Klas, performed by the Finnish Opera. Soloists include Jaakko Ryhänen, Riitta-Maije Ahonen and Merja Wirkkala; 7pm; Feb 18, 22

■ HONG KONG

DANCE
Grand Theatre/HKCC Tel: 852-227342809
● Mark Morris Dance Group: choreographed by Mark Morris, performed to live music by sopranos Jeanne Ommerle and Christine Brandes, tenor Frank Kelley and baritone James Maddelena; 8.15pm; Feb 22, 23 (also 2.30pm), 24, 25

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig Tel: 49-341-12700
● Gewandhausorchester: with conductor Kurt Masur, violinist Gidon Kremer and soprano Maacha Deubner perform works by Schubert and Kancheli; 8pm; Feb 20, 21
● MDR Sinfonieorchester: with conductor Peter Schreier and the MDR Chor perform works by Schmidt; 7.30pm; Feb 16

■ LONDON

AUCTION
Bonhams Tel: 44-171-3933900
● The Beatles Auction: special viewing of Beatles memorabilia due to be auctioned in Tokyo next month (and via a live satellite link in London). Highlights of the sale include the original Penny Lane Barber's Shop prominently mentioned in the "Penny Lane" lyrics, Ringo Starr's childhood home at 9 Madryn Street in Liverpool, Brian Epstein's personal collection of Beatles ecetates (unreleased work in progress recordings) comprising over 30 original first recordings of The Beatles hits, Paul McCartney's presentation Hoffner violin bass guiter, and many other items; from Feb 22 to Feb 24

CONCERT
Queen Elizabeth Hall Tel: 44-171-9210600
● Philharmonia Orchestra: with conductor Esa-Pekka Salonen and violinist Frank Peter Zimmerman perform works by Ravel, Ugeti and Bartók; 7.45pm; Feb 19
Wigmore Hall Tel: 44-171-9352141
● James Kirby: the pianist performs works by Beethoven and Chopin; 4pm; Feb 18
Barbican Hall Tel: 44-171-6384141
● London Symphony Orchestra: with conductor Sir Colin Davis and the London Symphony Chorus perform works by J. Brahms. Part of the Brahms Centenary celebrations; 7.30pm; Feb 16
● Houston Symphony: with conductor Christoph Eschenbach perform works by Beethoven and Bruckner. Soloists include pianist Mitsuko Uchida; 7.30pm; Feb 22
Royal Festival Hall Tel: 44-171-9604242
● BBC Scottish Symphony Orchestra: with conductor Osmo Vänskä, pianist Joanna McGregor and soprano Susan Bullock perform works by Stravinsky; 7.30pm; Feb 22

EXHIBITION
Barbican Art Gallery Tel: 44-171-6384141
● Modern Art in Britain 1910-1914: this sequel to "Impressionism in Britain" (shown in 1995), aims to shed new light on the period in British art from 1910 to 1914. It reveals the extraordinary range of modern European art that was exhibited in Britain during this period and includes work by Cézanne, Gauguin, Van Gogh, Matisse, Derain, Picasso and Severini as well as the British artists they influenced including Vanessa Bell, Roger Fry and Duncan Grant; from Feb 20 to May 26
Tate Gallery Tel: 44-171-8878000
● Lovis Corinth: retrospective exhibition devoted to Lovis Corinth, one of the leaders of German Impressionism. The display includes nearly 150 paintings, about 60 drawings and watercolours, as well as a selection of prints; from Feb 20 to May 4

OPERA
Royal Opera House - Covent Garden Tel: 44-171-2129234
● Lohengrin: by Wagner. Conducted by Valery Gergiev, performed by the Royal Opera. Soloists include Karita Mattila, Gwyneth Jones and Sergei Leiferkus; 7.30pm; Feb 17, 20 (6pm), 22 (5pm)

THEATRE
The Pit Tel: 44-171-6388891
● The General from America: by Nelson. Directed by Howard Davies, performed by the Royal Shakespeare Company. The cast includes Corin Redgrave and James Laurenson (world premiere); 7pm; Feb 18

■ LOS ANGELES

EXHIBITION
Huntington Library, Art Collection and Botanical Gardens Tel: 1-818-405-2100
● Masterpieces in Little: Portrait Miniatures from the Collection of Her Majesty Queen Elizabeth II: this travelling exhibition from the British Royal Collection features 75 miniature portraits, many of which have never been on public display. Spanning four centuries, the collection includes pieces by Hans Holbein the Younger, Nicholas Hilliard, Isaac Oliver and Jeremiah Meyer. Shaped by the individual preferences of members of the royal family, the collection is especially valuable from both a cultural and historical standpoint; documenting marriages, court favourites and notable events; to Apr 13

OPERA
Dorothy Chandler Pavilion Tel: 1-213-972-8001
● Il Barbiere di Siviglia: by Rossini. Conducted by Marco Guidarini, performed by the Los Angeles Opera. Soloists include Jennifer Larmore, Bruce Ford and Rodney Gilfry; 7.30pm; Feb 21

■ LYON

EXHIBITION
Musée des Beaux-Arts Tel: 33-4-72 10 17 40
● Kees van Dongen, l'oeuvre sur papier (1895-1914): this exhibition, the first devoted specifically to Van Dongen's works on paper, features 90 drawings, gouaches and watercolours, as well as over a dozen of Van Dongen's paintings and 25 works by friends and contemporaries of the artist, including Steinlen, Signac, Picasso, Derain, Toulouse-Lautrec, Marquet, Matisse and others; to Apr 6

■ MADRID

CONCERT
Auditorio Nacional de Música Tel: 34-1-3370100
● Orquesta de la Comunidad de Madrid: conducted by Antoni Ros Marbà perform works by Haydn and Beethoven; 10.30pm; Feb 22

EXHIBITION
Fundación Juan March Tel: 34-1-4354240
● Toulouse-Lautrec (from Albi and other collections): exhibition of 55 works by the French painter Henri de Toulouse-Lautrec, 27 of which come from the Toulouse-Lautrec Museum in Albi, the birthplace of the artist; to Feb 23

■ NEW YORK

CONCERT
Carnegie Hall Tel: 1-212-247-7800
● Emanuel Ax: the pianist performs works by Schubert and Liszt; 7.30pm; Feb 21

EXHIBITION
Brooklyn Museum Tel: 1-718-638-5000
● Mistress of the House, Mistress of Heaven: Women in Ancient Egypt: exhibition examining the role of women in ancient Egypt in the court, family and temple. About 200 objects will be on display, including 20 rarely seen pieces from the museum's permanent collection; from Feb 21 to May 18

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Le Nozze di Figaro: by Mozart. Conducted by Leopold Hager, performed by the Metropolitan Opera. Soloists include Hei-Kyung Hong, Heidi Grant Murphy and Susan Graham; 8pm; Feb 20

■ PARIS

CONCERT
Cité de la Musique Tel: 33-1 44 84 45 00
● Orchestra of the 18th Century: with conductor Frans Brüggen perform works by Schubert; 4.30pm; Feb 16
Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50
● Cecilia Bartoli: the mezzo-soprano accompanied by the I Delfici String Quartet and pianist György Fischer perform works by Vivaldi, Ravel and Rossini; 8.30pm; Feb 17

EXHIBITION
Centre Georges Pompidou Tel: 33-1-44 78 12 33
● Jean Tinguely: exhibition of pieces by the French sculptor who's work was heavily influenced by Dada and Surrealism, producing purposely amateur machinery as a satire on the new technological world; to Apr 21

■ ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● BBC Symphony Orchestra and Chorus: with conductor Pierre Boulez perform works by Stravinsky; 9pm; Feb 19

OPERA
Teatro dell' Opera di Roma Tel: 39-6-481601
● Elektra: by R. Strauss. Conducted by Vladimir Fedoseyev, performed by the Opera di Roma. Soloists include Elisabeth Meyer-Topsoe, Stephanie Friede and Anne Gjevang; 8.30pm; Feb 18, 21

■ SEATTLE

EXHIBITION
Seattle Art Museum Tel: 1-206-625-8900
● Matisse, Picasso and Friends: Masterworks on Paper from the Cone Collection: display featuring 125 seldom seen Impressionist and Post-Impressionist works from the Baltimore Museum of Art's Cone Collection. Artists featured include Matisse, Picasso, Renoir, Cézanne, Degas, Cassatt, Toulouse-Lautrec, van Gough and Ingres; from Feb 20 to Apr 20

■ ST MORITZ

AUCTION
Sotheby's Tel: 44-171-4085170
● Magnificent Jewellery: annual auction of jewellery, held since 1976. Highlights of this year's sale include a Van Cleef & Arpels' necklace and bracelet in sapphire, emeralds and diamonds, a colourful suite of jewellery in coral, emeralds, sapphires and rubies, made in the 1970s, and a number of pieces by Marina B, notably a pair of earrings and a choker; 6pm; Feb 21, 22 (4.30pm & 6.30pm)

■ STOCKHOLM

OPERA
Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300
● Das Rheingold: by Wagner. Conducted by Leif Segerstam, performed by the Royal Swedish Opera. Soloists include Tord Wallström, Per-Arne Wahlgren, Lars Cleveman and Lennart Stregard (premiere); 7.30pm; Feb 22

■ SYDNEY

EXHIBITION
Art Gallery of New South Wales Tel: 61-2-2251700
● Masterpieces of the 20th Century: The Beyeler Collection: exhibition featuring works from a collection of 20th century art put together by Swiss collectors Ernst and Hildy Beyeler. Included are works by Picasso, Leger, Cézanne, Giacometti, Matisse, and Dubuffet; to Mar 2

■ THESSALONIKI

EXHIBITION
Thessaloniki Cultural Capital '97 Tel: 30-31-867860-6
● Max Ernst: exhibition featuring a wide range of sculptural work by the artist who became a leading light of the surrealist movement. The exhibition is held at the Municipal Art Gallery; to Feb 22

■ VIENNA

OPERA
Wiener Kammeroper Tel: 43-1-5120100
● Les Contes d'Hoffmann: by Offenbach. Conducted by Edgar Seipenbusch, performed by L'Opera de Nancy et de Lorraine. Soloists include Ofelia Sala, Morenike Fadayomi and Michael Philip Davis (premiere); 7pm; Feb 19
Wiener Staatsoper Tel: 43-1-514442960
● Otello: by Verdi. Conducted by Oren and performed by the Wiener Staatsoper. Soloists include Frittoli, Walewska, Domingo and Weikl; 7pm; Feb 21, 18

■ WASHINGTON

EXHIBITION
Hirshhorn Museum and Sculpture Garden Tel: 1-202-357-2700
● Jeff Wall: an internationally touring show, featuring 30 large-scale colour transparencies in light boxes by the Canadian artist. Wall's back-lit photographic images are meticulously staged contemporary narratives, which draw from film, street photography and pre-20th century paintings by Manet, Delacroix, Poussin and others; from Feb 20 to May 11

■ ZURICH

EXHIBITION
Kunsthaus Zürich Tel: 41-1-2516765
● Wunderkammer Österreich: exhibition on the theme of Austrian intellectual and cultural history. Well-known figures from Austrian art and history emerge in a new light: Gustav Klimt, Egon Schiele and Oskar Kokoschka, the architects Josef Hoffmann and Otto Wagner, as well as "drop-outs" from the house of Habsburg or famous Austrian film directors such as Fritz Lang and Billy Wilder. The exhibition charts an ambitious survey of Austrian creativity, taking the visitor from bizarre inventions and bold theories to the anarchical humor of the Wiener Gruppe and works of contemporary art; to Feb 23

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands.
Tel: 31 20 664 6441. E-mail: artbase@pi.net

CHESS

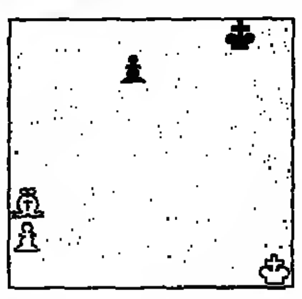
Among techniques to worry your opponent in the opening, the h pawn nudge ranks highly. Many black players favour en early fianchetto development of the king's bishop et g7. Sometimes the main idea is a bulwark for the castled king, while in the fashionable Sicilian and King's Indian formations the plan is that the bishop will support e queen's side advance or counterplay on the dark squares.

An early h2-h4 by White against e g7 bishop can be e display of attacking intent, as in sequences like 1 d4 Nf6 3 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Be2 0-0 (King's Indian) 6 h4!? or 1 e4 d6 2 d4 Nf6 3 Nc3 g6 4 Be2 Bg7 (Pirc) 5 h4!? The move can even be just a way to sow psychological confusion as in 1 c4 (Black expects a slow positional game) g6 2 h4!? King pewn openings with 1 e4 e5 rarely involve black fianchettoes, but this week's game, won by a grandmaster in the 1996 US Open, shows that the h pawn nudge can be effective there, too (A Shabalov v V Bhat).

1 e4 e5 2 Nf3 Nf6 3 d4 exd4 Black can also pley 3 . . . Nxe4. 4 e5 Ne4 5 Qxd4 d5 6 exd6 ep Nxd6 7 Nc3 Nc6 8 Qf4 g6 Karpov against Kasparov played Nf5 9 Bb5 Bd6.

9 Be3 Bg7 10 0-0-0 0-0 11 h4!? White's queen and rook ere ready for immediate action along the h file.

Be6 12 h5 Qf6 13 Qh2 Rfe8 14 hxg6 hxg6 15 Bg5 Qf5 Black's game still looks safe, but White's next turn eliminates a key defender. 16 Rxd6! cxd6 17 Bd3 Qa5? Missing the main threat; Black's last chance is Qg4. 18 Ne4 Nb4 19 Qh7+ Kf8 20 Qh8+! Bxh8 21 Rxh8+ Kg7 22 Bf6 mate.



No 1167
White to move; can he win? White is trying to force his pawn through to queen, while Black hopes to draw by a king spriot to the queening square a8.

Solution Page II

Leonard Barden

BRIDGE

This quaint little problem is so simple to aolve, yet it vexed two experienced players during a frieodly metch. The reason they missed it? Nothing is eutomatic . . .

	N ♠ A Q 9 ♥ J 7 5 2 ♦ J 10 9 2 ♣ 9 7	
W ♠ 10 7 4 2 ♥ – ♦ A K 5 4 ♣ Q 6 5 3 2		E ♠ K J 6 3 ♥ Q 10 9 ♦ 8 3 ♣ J 10 8 4
	S ♠ 8 5 ♥ A K 8 6 4 3 ♦ Q 7 6 ♣ A K	

South opened 1H, West should, and did, resist bidding, and North bid 2H. South mede the sensible punt of 4H. West led A♦, East encouraged with 8♦. West continued with K♦, East completing his peter with 3♦. West now led e third diamond, East ruffed, and that was the end of the defence – declarer pitches 5♠ on dummy's J♦.

As declarer, a count of tricks or losers et trick one is essential. This count is vital for defenders also. After West leads A♦, East can see two diamond tricks and a spade trick. His trump trick is a certain natural winner – be does not need a ruff to score it. His spade trick, however, is far from certain. He must make it before the declarer has an opportunity to pitch spades from his hand on dummy's long diamond suit.

At trick ooe, East discourages e diamond continuation by pleying 3♦. Hopefully, West will find leeding through dummy's spade strength more attractive than leading around to declarer's club holding. If e spade eppears at trick two, that is your fourth trick established.

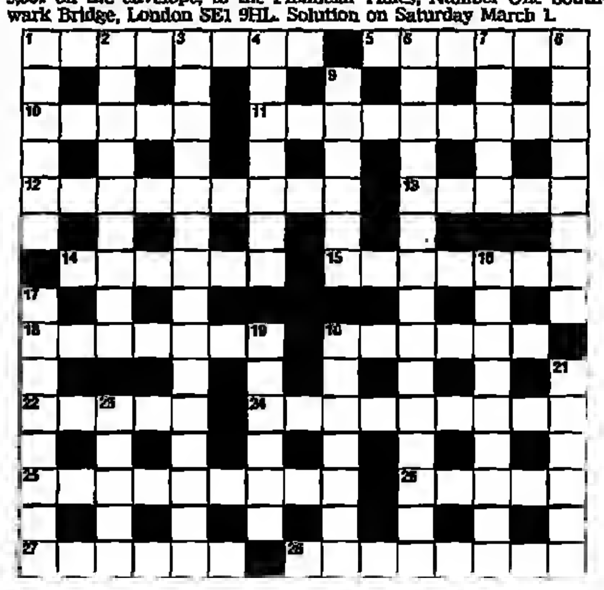
It is an easy defence. It just doesn't feel easy . . .

Paul Mendelson

CROSSWORD

No. 9,301 Set by DINMUTZ

A prize of e classic Pelikan Souverän 800 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday February 26, marked Crossword 9,301 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday March 1.



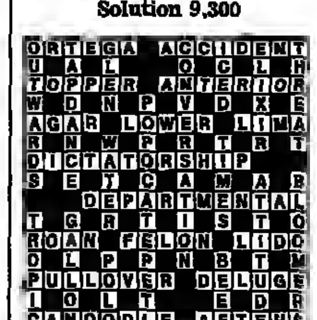
Name..

Address..

ACROSS
1 Silly talk after knocking back two halves in German bar? (4-4)
5 Boris, e group making a mark in the charts (6)
10 Inn new to the Spanish (5)
11 Not widely distributed ground element (4-5)
12 Ramsey Cup presented for such mastery (9)
13 Zoo fevourite also embraced by Dad (5)
14 News of saving people with religious music (6)
15 Fugitives without e place to land, to the south? (7)
18 Basic flaw in this kind of surgery (7)
20 Dress up? (6)
22 Impenetrable pitch initially epplied to top of house (5)
24 Theatre safeguard (9)
25 Tenure in which landlord's first to relax grip? (9)
26 Responsibility for coating university with gold paint (5)
27 Bond forged by Ratty, perhaps, with energy (6)
28 Revolutionary Shaker? (8)

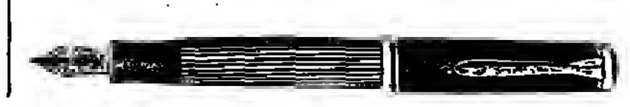
DOWN
1 Order coming out of Thebes (6)
2 Opposed to false singing in response (9)
3 Oddly, bottleful proves to be protectioo against rounds (11,4)
4 High post? (7)
6 Panel druggist, be makes up a late sedative (8,7)
7 Nobleman has nothing in farm outbuilding (5)
8 Run through train? (8)
9 Devotioo of pair always right? (6)
16 This vicar turned out to be an historian (9)
17 Rev up? (3-5)
19 Fill me up with game (6)
20 Barking type with e grip on the board? (7)
21 Striker merits new settlement (6)
23 Make speech with oo charge (5)

Solution 9,300



Solution 9,289

WINNERS 9,289: Miss G. Sanderson, Ruthven, Perthshire; Mrs M.J. Adams, Birnam, Dunkeld; P. Clark, Jedburgh; T.J.N. Deaville, Almancil, Portugal; Miss J. McMaster, Bieldside, Aberdeen; R.A. Rowbotham, Chesterfield, Derbyshire.



True Fiction

Down to earth with a bump

A space probe is sent back with a message – we are evolving backwards. **Paddy Linehan** explains

The spacecraft Pioneer 10 was sent aloft in 1972 witb an expected life of three years. Its primary objective was to reach the environment of Jupiter.

It was a tricky objective. An asteroid belt lies between Earth and Jupiter and there was a great danger that the craft would be hit and destroyed. It wasn't, and having got a speed boost from a swing around Jupiter's atmosphere, continued outward into distant space.

Seti is the Search for Extraterrestrial Intelligence. It has its headquarters in Mountain View California. Astronomer Frank Drake works with Seti and bas been using Pioneer 10 as a diagnostic tool in searching for signals from a distant civilisation.

He and Carl Sagan, the astronomer, designed a plaque which was attached to an antenna of the spacecraft.

It contained symbols, binary numbers and drawings designed to convey information about our planet to any extraterrestrial it might encounter.

Pioneer 10 took a quarter of a century to reach a point 10bn kilomatres from Earth. From this lofty distance it continued to send signals using an 8W transmitter. These signals were taking nine hours to reach Earth. When Nasa ordered a halt to communications with Pioneer 10, it cited operational costs and diminisbing scientific returns. Drake was disappointed.

It was therefore with great astonishment that he looked through his window yesterday to see Pioneer 10, like a fossilised spider, lying in his garden. It is a mere 9ft long.

Not surprisingly, he rushed out and discovered that where bis coded mesaaga had once hung was now a much longer coded message, loosely translated as follows.

"I picked up your toy in my environment and was quite intrigued by your message. Many sucb objects pass this way. I usually tend to ignore them bnt yours was a first from this direction so my curiosity was wbetted.

"I tuned my attention to your colourful little orb and read your speculation and dreams. I have been advised by neighbours not to meddle in your affairs. They say you have something of a celestial reputation for tantrums. 'Given to un-universal excess' was how they put it. 'Especially since the accident'," they said.

"But I simply must. I've got to do something to stem your useless outpouring of energy.

"I should tell you that there are two Universes on either side of a Black Hole. One is Reality and the other Virtual Reality. The Virtual Reality side is a punishment area for those who have not conformed to the standards required on this side.

"You are now on the wrong side of this divide. It is said that you were overwbelmed with pride about your own physical beauty and, while strutting your curvature and complexion, you failed to take account of the Black Hole. They say you fell in.

"Some suggest that other Orbs on this sida of the divide were scandalised by your pride and that they conspired and pushed you. I can't confirm or deny this. But I do know you took qulte a tumble.

"Just like Alice yon came out on the wrong side of Reality. You now suffer from Humpty Dumpty Syndrome and there is much apeculation about your ability to get yourself together again and back to this, the right side of Reality.

"Fragmented intelligence is one of your conditions due to your isolation in Virtual Reality. Millions of living things scurrying around your surface, making little effective communication, is not conducive to finding a path out of where you are.

"Fragmentation we call it. It is not the normal condition on tha Reality side of the Universe. We are singular masses of intelligence. A unity witbout tha necessity to trust faulty communication. While you are, shall we say, in bits.

"So you see your present search will not find your origin. You are looking for a set of circumstances which would give rise to a condition aimilar to your own. But you won't find it. Only victims of The Fall (as we call it) are as you are, and at the moment you are the only such victim. You are alone – in both location and condition – in our Purgatory, a temporary place of punishment.

"To assist you on your road to recovery I have to tell you something else. You are not the reason the Universe exists. Nasty little shock this I am sure, so soon after Galileo knocked you off centre stage.

"But you are still harbouring traces of the self-centredness that got you where you are.

"You assume that there exists a transition from microbe to man and that this represents progress. There is an order and a hierarchy in your idea of evolution. You speculate about an originator who set in progress this evolution. You *ascribe to* that originator attributes of freedom from constraints of time and space.

"Did it not occur to you, however, that you might have things a little upside down? Confusing beginning and end?

"This is the psychological condition of invention and reversal brought about by your tumble. You've got a knot in your line, in a manner of speaking.

"This phantom originator is your own past. But now you've got to do a flip and put this phantom in your foresight rather than hind sights. This way you might see a light at the end of your tunnel.

"Ynu have my best wishes for a speedy recovery. Tuck your Pioneer 10 under your pillow and keep a keen eye on where you are going."

Arcadia

Why the English turned their backs on the soil

Peter Mandler contends that the supposed love of a nation for its rural past is no more than a myth

It has become an article of faith in the late 20th century that the Englisb bave a special, unique, practlcally racial bond to their countryside. Landscape painting, rambling, angling, gardening, conservation, organic farming, anti-roads campaigning – all patently international phenomena – are proclaimed as quintessentially English.

Conversely, whenever anything goes wrong in the city – as things do in cities – it is laid down to the peculiarly English hatred of cities and love of the country.

Why this myth sbould prevail quite so unanimously today is hard to understand. If anything, it could be argued that, compared witb their Continental neighbours, the Englisb have historically been unusually alienated from the countryside.

Lacking a peasantry rooted in the soil, they took off for the cities in the 19th century as soon as food imports, agricultural technology and new employment opportunities made it possible to do so.

By 1900, Britain as a whole – including the thinly populated celtic fringe – had become not only the most urbanised nation in Europe, but one of the most urbanised in the world, reaching levels of density that Germany achieved only as recently as the 1960s.

Altbough some politicians – and many intellectuals – grew alarmed at the end of the 19th century about the rate of rural depopulation, the voters put no pressure on them to do anything about it. Tbe masses were urban and proud of it. Unlike French or German city dwellers, they had cut their ties to the countryside once and for all.

On tbe Continent, migration to cities tended to be besitant and circular. Townspeople retained connections to their rural *Heimat* or *petit pays;* they holidayed there, retired there, remained part of extended peasant families, kept on what the French call a *residence secondaire.* (This is still a part of French middle-class life: bow many urban professionals in England own property wbere tbeir great-grandparents once farmed?)

In contrast, tbe English migrated not between cities and country but between one city and another. Their cities grew so rapidly that they sprawled out into the countryside, but the resulting suburbs, for all their gardens and bits of half-timbering, were still recognisably urban, built around cinemas ratber than churcbes, tied by transport and employment links with city centres.

The English holidayed at and retired to the seaside, not their county of origin. They kept only a distant folk memory of their rural roots.

During this period of urbanisation – indeed, for most of the last 150 years – tbe countryside that remained fell into neglect. Emptied of its people, it took on a certain austere beauty, but it was not a beauty the urban masses would necessarily appreciate.

One shrewd commentator at the turn of the century described the English countryside as "landlords' country . . . broad parks, stretches of private land, sparsely cultivated, but convenient for hunting, shooting, and a kind of stately splendour".

This he compared unfavourably to the Continental "peasants' country . . . the beauty tbat is provided by security and close cultivation . . . a source of food supply and the breeding-place of men".

Even tbe stately homes of England, whicb in the 18th and early 19th centuries had been widely visited as shrines of art and history, became deeply unpopular as symbols of deservedly departed grandeur.

At a low point around 1930, only a handful remained open to the public, and these were mostly semi-deserted, seedy, ripe for demolition.

This is not to say that English urbanites received no enjoyment from the countryside. Rural leisure is a natural complement to urban life everywhere.

But in this country, enjoyment of tbe countryside bad to be learned, almost reinvented. In this tbe English often had to follow the lead of peasant countries wbere tbe countryside was always sanctified.

Amateur watercolourists copied the French. Ramblers and campers joined a movement that bad originated in Germany. Climbing, of course, was Swiss. There were many more French chateaux open to the public before the second world war than English country bouses.

Even before the Nazis added their vein of biological mysticism, the Germans and Austrians were well ahead of the Englisb in preserving beauty spots and sites of special natural interest.

Befuddled perhaps by the National Trust's recent centenary celebrations, we tend to forget that for the first 50 of its 100 years it was a small club of enthusiasts, ignored or mistrusted by a wider public.

From where, then, have we got the myth of a special relationship with the countryside?

Its origins lie earlier in this century, when alienated intellectuals, appalled by the new urban democracy, hymned an idealised rural England they knew was lost.

The Wind in the Willows, for instance, was written by Kenneth Grahame not so much in praise of the countryside as to curse the stoats and weasels in human form who bad ruined it. (Poor Grahame had recently been shot by a deranged Socialist rampaging through the Bank of England, where he worked, and this understandably put him off the modern world.)

It is only recently – perhaps as recently as the 1970s – that the love of the countryside swelled from a minority plaint into a majority crusade. Environmentalism and conservation deserve much of the credit.

But these are again international phenomena. Across Europe, there has been a general revulsion against cities and modern architecture and a turning towards their opposites. This is, perhaps, a natural, cyclical reaction.

Let us not exaggerate it, and thus over-extend it, by calling it unique or special, giving it historical roots it does not deserve.

■ *Peter Mandler is the author of* The Fall and Rise of the Stately Home, *to be published this spring by Yale University Press.*

Metropolis

Dancing beneath the cranes

Frederick Stüdemann tunes into the techno beat that is powering the rebuilding of Berlin

Naked apart from their jackboots, the two men dancing on the bar would have been the centre of attention in the machine hall-turned-nightclub – had it not been for the bare-breasted, dreadlocked girl at their side. Her banshee howls pierced even the deafening noise of one of Berlin's most infamous clubs.

But the real attraction of the E-Werk, boused in what was once one of Berlin's largest power stations, is not the dress (or undress) of the guests, nor the grimy steel and tiles, nor the grotesque pastiches of Socialist Realism hanging behind the bar, but the bang and growl of hard-core techno music.

The E-Werk is one of many Berlin clubs which sprang up in the shadowlands left by the city's cold-war division and the collapse of Communist industry. In the immediate aftermath of Berlin's reunification, sucb clubs and bars popped up across the eastern part of the city as seekers of pleasure (and fortune) discovered the potential of derelict factories, *wartime bunkers, border* towers and crumbling office blocks.

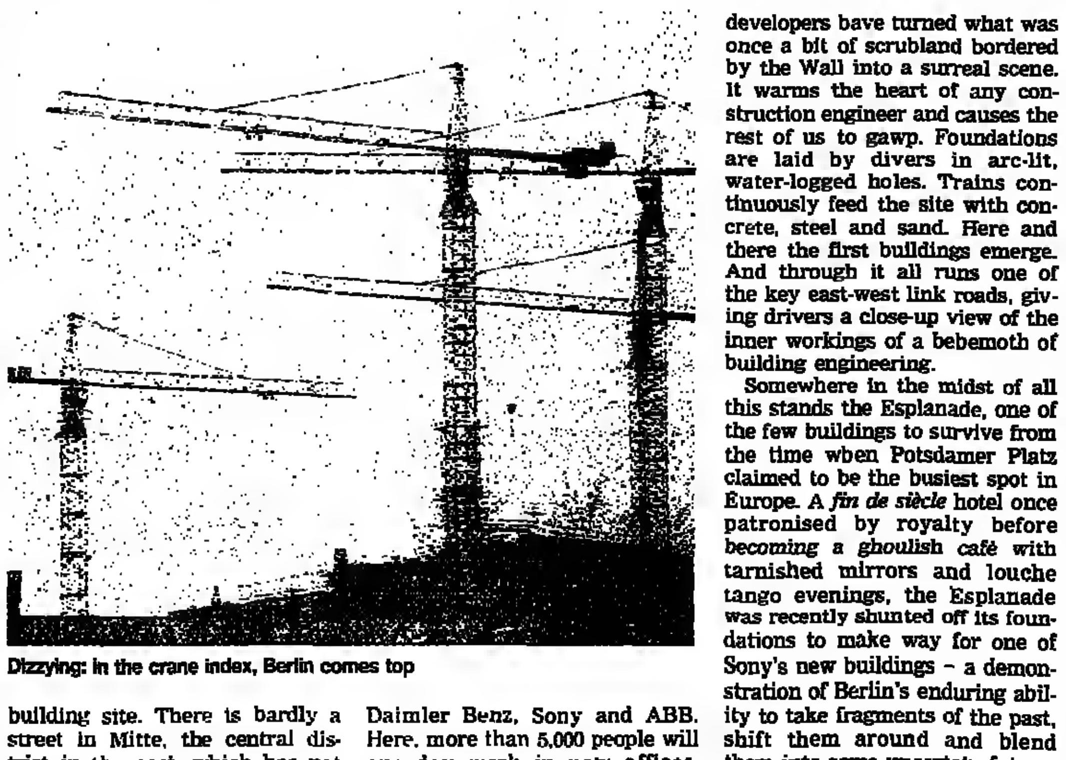
E-Werk may not be unique, and its popularity has robbed the club – and techno music – of truly hip cachet. But E-Werk still has a certain quality whicb lifts it above its contemporaries.

Perbaps its industrial provenance gave it an edge as a home for techno, the dance beat of the early 1990s which captured the mood and attention of Berlin as sounds associated with redundant industrial production were revived as an entertainment genre. Perhaps it is its location, a few yards from the former Wall and opposite Goering's Reich Air Ministry on Wilhelmstrasse, the Whitehall of pre-war Berlin.

Until 1994, the air ministry building was home to the Treuhand, tbe agency which privatised eaat German industry. Together with the E-Werk, the two buildings encapsulated the spirit of the early to mid 1990s. On one side of the road, bureaucrats, lawyers and consultants tried to rescue something from the ruins of a command economy; on the other, an eclectic mix of ravers, ageing nigbthawks and the plainly curioua *threw caution to the wind and* pushed the barriers of after-hours entertainment furthar and further beyond breakfast time.

While the rest of the populace may be too busy earning a living to party all night, techno's organ rumbling sounds have provided an appropriate beat for Berlin as a whole, as the city is refashioned as Germany's new capital.

Measured by to tbe crane index, Berlin is Europe's biggest building site. There is bardly a street in Mitte, the central district in tbe east, which has not been dug up or closed off. The biggest site is the Potsdamer Platz project being developed by Daimler Benz, Sony and ABB. Here, more than 5,000 people will one day work in new offices. There will be cinemas and hotels and a few luxury flats.



Dizzying: in the crane index, Berlin comes top

To make all that possible the developers bave turned what was once a bit of scrubland bordered by the Wall into a surreal scene. It warms the heart of any construction engineer and causes the rest of us to gawp. Foundations are laid by divers in arc-lit, water-logged holes. Trains continuously feed the site with concrete, steel and sand. Here and there the first buildings emerge. And through it all runs one of the key east-west link roads, giving drivers a close-up view of the inner workings of a bebemoth of building engineering.

Somewhere in the midst of all this stands the Esplanade, one of the few buildings to survive from the time wben Potsdamer Platz claimed to be the busiest spot in Europe. A *fin de siècle* hotel once patronised by royalty before *becoming a ghoulish café* with tarnished mirrors and louche tango evenings, the Esplanade was recently shunted off its foundations to make way for one of Sony's new buildings – a demonstration of Berlin's enduring ability to take fragments of the past, shift them around and blend them into some uncertain future.

All this construction work is dizzying. Even the most deep-rooted Berliner feels alienated as the city map changes under his feet.

This induces ground-level vertigo, as reference points are shifted. To add to the confusion, roads are closed or re-routed at short notice. Taxi drivers ask customers the "current" route to their destination. Even the Spree river has been (temporarily) redirected to make way for the construction of the government district near the Reichstag.

While the building sites provide a topic for complaint, they are not without attractions. Besides the engineering feats required to sink foundations into ground which is little more than swampland, the sites also offer endless opportunities for speculation about how things might be.

Last year, in a rare moment of inspiration, the city government, the Senate, took advantage of this when it decided to counter a dip in tourist numbers with a campaign aimed at making the Baustelle (building site) into a Schaustelle (spectacle).

A programme of talks and tours was organised and proved a auccess. On the Potsdamer Platz a red "info-box", detailing the project's progress has attracted more than 1m visitors.

To look at the architects' drawings and the various acaled-down models now on show across town, the Berlin of tomorrow offers an upbeat picture. Gleaming glass and steel blocks will face buildings of brick and stone, laden with historical references. (To judge by thosa buildings already completed, Berlin will be a city full of unremarkable glass, steel and *stone.)* And among all this will be a happy, smiling populace – as opposed to gruff and stressed-out Berliners of today.

But Berlin is used to being given a complate make-over. Over the past eight centuries or so the city has become adept at picking up the pieces in the wake of robber barons, invading armies, aerial bombardment and home-grown divisiveness.

In 1910, the art historian Karl Scheffler wrote that the city was damned always to be "in a state of becoming and never of being". For Scheffler such restlessness, and the opportunities it conjures up, was a sign of Berlin's status as the *parvenu* among German cities. But it was – and still is – also one of the city's great charms.

To the babitually jaded Berliner, German unification is also a case of *déjà vu.* Just as the city now finds itself confronted with a new role, so in the 1870s it suddenly found itself in the centre of Bismarck's newly created Reich. Back then, unification sparked a surge in property speculation and then, predictably, a slump – events many Berliners today would recognise.

WEEKEND INVESTOR

Last week's interim results

Company	Sector	Half year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Amstrad	E&EE	Dec	1,780L	(5,400L)	1.25	(1.25)
Armitage Bros ‡	FdPr	Dec	1,030	(937)	3.3	(3.1)
British Airways ©	Trns	Dec	583,000	(534,000)	-	(-)
Bryant	B&C	Nov	15,400	(10,100)	1.45	(1.45)
Celtic	AIM	Dec	2,070	(929)	-	(-)
Compel	SpSv	Dec	1,700	(1,440)	1.8	(1.54)
Dalgety	FdPr	Dec	43,800	(69,400)	8.5	(8.5)
F & C Inc & Gth ©	InTr	Dec	-	(-)	0.8	(0.75)
Fleming Emerging	InTr	Dec†	145.2	(151.5)	-	(-)
Fleming Overseas	InTr	Dec†	388.8	(389.5)	1.5	(1.5)
Freeport Leisure	Prop	Dec	1,020	(502)	-	(-)
Hollas	Text	Dec	190L	(2,290L)	-	(-)
Internet Tech ◆	AIM	Oct	1,000L	(81)	-	(-)
Interoute Tech	AIM	Nov	1,110L	(898L)	-	(-)
Jersey Phoenix	InTr	Dec†	123.74	(120.68)	1.5	(1.25)
Lofs ©	na	Dec	1,180	(2,280)	-	(0.0025)
London Industrial ©	Prop	Dec	3,580	(3,040)	-	(-)
TR City of London	InTr	Dec†	185.95	(167.28)	1.54	(1.42)
Tor	InTr	Jan†	1,845	(1,885)	11	(10)
Wilbard of Chelsea	AIM	Nov	550	(369)	1	(-)

(Figures in parentheses are for the corresponding period.) *Dividends are shown net pence per share, except where otherwise indicated. L=loss. † Net asset value per share. ‡ Irish punts and pence. © 9-month figures. ◆ 32-week figures. ★ 14-week figures. ♣28-week figures.

Last week's preliminary results

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Irish ‡	BkRt	Dec	420,800	(372,800)	38.4	(34.2)	15	(12.9)
Amnicable Smaller	InTr	Dec†	182.98	(163.84)	2.94	(2.92)	2.94	(2.9)
Bensons Crisps	FdPr	Nov	2,030	(747L)	4	(-)	1	(-)
British Petroleum	Oil	Dec	2,552bn	(1,122bn)	45.5	(20.2)	19.5	(15.25)
Edinburgh Jam	InTr	Dec†	35.3	(36.53)	-	(0.33)	-	(0.16)
FP Ethical	InTr	Dec†	65.74	(78.16)	7.67	(8.62)	7.85	(6.62)
Gartmore Micro	InTr	Dec†	115.5	(102.9)	1.95	(1.72)	1.6	(1.5)
General Cons	InTr	Dec†	258	(240.1)	10.65	(9.98)	10.1	(9.56)
Greenfriar	InTr	Dec†	544.3	(513.5)	7.02	(4.51)	7.25	(7.05)
Heavitree Brewery	AIM	Oct	1,876	(1,720)	19.7	(16.1)	7	(6.75)
Huntingdon Intl	Phrm	Dec	9,350	(29,000)	7	(-)	-	(-)
I&S Isis	InTr	Dec†	178.8	(140)	1.34	(0.87)	27.82	(25)
Inn Business	Brws	Nov	2,230	(304)	4.55	(2.32)	1	(-)
Kleinwort Charter	InTr	Nov†	344.9	(291.7)	6.71	(5.96)	5.85	(5.5)
Life Offices ©	InTr	Dec†	100.8	(-)	0.33	(-)	-	(-)
Life Sciences	Hlth	Dec	23,900	(20,700)	8.7	(7.8)	4.8	(4.4)
Malvern UK Index	InTr	Dec†	179.07	(161.28)	5.49	(4.95)	5.3	(4.9)
Mercury Wld Mining	InTr	Dec†	99.7	(106.27)	1.19	(1.32)	1.15	(1)
Morgan Sindall	B&C	Dec	5,170	(3,030)	13.13	(8.03)	4.2	(2.7)
Mountcastle	AIM	Dec	861	(33L)	11.4	(-)	-	(-)
Murray European	InTr	Dec†	72.6	(65.8)	0.7	(0.6)	0.45	(0.36)
Olim Convertible	InTr	Dec†	65.8	(63.4)	9.16	(8.52)	9	(9)
P & P	SpSv	Nov	14,300	(12,600)	12.9	(11.2)	3.65	(3.15)
Pascoe's	FdPr	Dec	177	(170)	4.22	(1.25)	-	(-)
Record	Eng	Dec	3,500	(2,950)	6.4	(5.3)	3.75	(3.6)
Reuters	Med	Dec	701,000	(599,000)	30.4	(25.8)	11.75	(9.8)
SR Pan European	InTr	Dec†	52.8	(38.2)	1.11	(1.06)	0.75	(1.3)
Scottish American	InTr	Dec†	207.5	(191.6)	21.21	(24.08)	5.18	(5)
Seacon	Trns	Sep	858	(853)	2.1	(2.23)	2.2	(2.2)
Shell Transport	Oil	Dec	5.691bn	(4.375bn)	63.6	(47.8)	36.9	(33.3)
TR Pacific	InTr	Dec†	109.8	(107.2)	0.896	(0.662)	0.25	(0.175)
Unilever	FdPr	Dec	2.657bn	(2.319bn)	85.9	(78.63)	32.05	(29.4)
Visual Action	Med	Dec	8,310	(3,560)	14.3	(6.28)	4.1	(-)
Ward	B&C	Oct	2,980L	(3,510)	-	(6.7)	-	(1.5)
Warrants & Value	InTr	Dec†	38.98	(36.74)	0.05	(0.03)	-	(-)
Willis Corroon	Insc	Dec	91,600	(50,200)	13	(7)	-	(6.6)

Rights issues

None

Offers for sale, placings & introductions

Avalon Oil is to raise approx. £35m via a placing on AIM.
Avis Europe is to raise approx. £250m via a placing & intermediaries offer.
Core Group is to raise between £15m & £20m via a floatation.
Technoplast is to raise £10m via a placing of 8m shares @ 125p each.
Ushers is to raise approx. £40m via a placing.

New issues

Avis opts to list

Avis Europe this week announced plans for a *London stock market listing* in a move expected to value Europe's largest European car hire company at about £700m, *writes Christopher Price*. The company hopes to raise £250m of oew funds.

Avis was floated in 1986 at a valuation of £270m, hut was bought out three years later for nearly £900m by Cilva Holdings.

This consortium's majority shareholder is SA D'Ieteren, a family-owned Belgian car importer, and others include General Motors and Avis of the US.

☐ Members of the **Woolwich building society** *this week gave* overwbelming backing to its £3.2bn plans to float and become a bank.

The vote takes nearly 2.6m savers and borrowers nearer to a windfall share pay-out worth an average of £1,200. More than 95 per cent of those voting approved the proposals.

☐ Ushers, the brewer and pub owner that cancelled its flotation in 1994, is hoping to be valued at about £110m oext month when it makes another attempt to come to market.

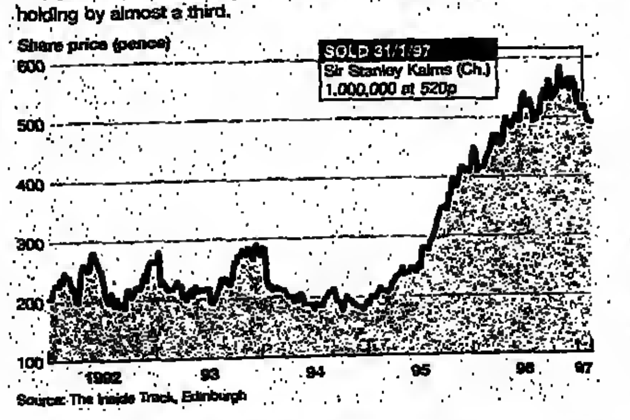
Results due next week

Company	Sector	Anncmnt due	Dividend (p)* Last year interim	Final	This year interim
FINAL DIVIDENDS					
Anglo & Overseas Tst	InTr	Monday	0.4	6.0	0.8
Baillie Gifford Shin	InTr	Thursday	-	0.1♠	-
Barclays	BkRt	Tuesday	9.5	16.5	11.5
Carisbrooke Shipping	AIM	Thursday	1.0	-	-
China Inv. Co	InTr	Wednesday	-	-	-
City Site Estates	Prop	Thursday	-	-	-
Colt Telecom	Tele	Tuesday	-	-	-
Grafton Group †	BdMa	Friday	6.5	7.5	-
Irish Permanent †	BkRt	Tuesday	0.035	0.07	0.04
Kleinwort Overseas	InTr	Wednesday	1.6	1.86	1.9
London Forfaiting Co.	OtFn	Wednesday	3.4	6.8	3.7
Low & Bonar	PP&P	Monday	3.6	9.6	4.0
Medeva	Phrm	Wednesday	1.4	2.6	1.65
Peptide Therapeutics	Phrm	Tuesday	-	-	-
Porvair	Chem	Wednesday	1.8	3.7	1.9
Provident Financial	OtFn	Thursday	11.0	17.0	6.5
Rank Group	L&H	Thursday	4.75	11.0	5.0
Rights & Issues IT	InTr	Wednesday	3.0	7.5	3.5
Sedgwick	Insc	Tuesday	3.75	4.375	-
Smithkline Beecham	InTr	Tuesday	1.78	2.22	-
St. Mowden Props	Prop	Tuesday	-	-	-
Stadium Group	Eng	Tuesday	-	-	1.0
Tst of Property	InTr	Monday	-	1.74♠	-
Updown Inv. Co.	InTr	Monday	-	15.0♠	-
WPP Group	Med	Wednesday	0.445	0.865	0.556
INTERIM DIVIDENDS					
Allied Carpets	RtGn	Monday	-	-	-
Allied Leisure	L&H	Friday	1.0	2.0	-
BOC ‡‡	Chem	Thursday	13.5	13.5	-
Bolton Group (Intl)	Prop	Thursday	-	-	-
Easynet	AIM	Thursday	-	-	-
Haggas (John)	Text	Tuesday	1.5	3.0	-
Jupiter Geared Capital ★	InTr	Monday	-	-	-
Macro 4	SpSv	Tuesday	9.3	15.0	-
Regent Inns	Brws	Monday	3.15	1.57	-
Second Alliance Trust	InTr	Monday	15.0	34.0	-
VDC	AIM	Friday	5.5	3.825	-

*Dividends are shown net pence per share and are adjusted for any intervening *scrip issue. Reports and accounts are not normally available until about six weeks* after the board meeting to approve preliminary results. ‡‡ 1st quarterly. ◆ 2nd quarterly. ★ 3rd quarterly. ♠ Annual dividend shown. † Irish currency. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of *imminent annoucements*.

Dixons

The sale of 1m shares by chairman Sir Stanley Kalms reduced his holding by almost a third.



Source: The Inside Track, Edinburgh

The week ahead

Flu season for SB

TUESDAY: Aoalysts' forecasts for full-year results from SmitbKline Beecham are closely bunched around 38p earnings per share and £1.560bn in pre-tax profits. But the company retains a potential to surprise the market with better figures thanks partly to a "good" influenza season in the US, which is likely to boost sales of its antibiotics, and strong demand for its anti-depressant Seroxat/Paxil.

TUESDAY: When Barclays Bank reports, the strongest growth is likely to bave come from UK retail banking, with the Barclaycard credit card business continuing to generate high returns from its dominance of the market. Business banking pressed ahead steadily, while BZW, the investment bank, is likely to bave heen held back by internal upheavals and heavy investment costs.

Overall, pre-tax profits are expected to have advanced to hetween £2.3bn and £2.4hn. Earnings per share will have risen more strongly, thanks to last year's buybacks, and many analysts expect the bank to buy in up to £600m more of its own shares.

WEDNESDAY: Analysts will be hoping to hear Martin Sorrell set some new targets for margins when WPP, the advertising and marketing services group, reports. The results are expected to sbow margins of 10 per cent, following growth of 1 per cent per year in receot years, and there is speculation that Sorrell will pusb for 12 per cent in 1998. Pre-tax profits are expected at ahout £155m (£114m), with earnings about 15p (9.1p).

Current takeover bids and mergers

Company bid for	Value of bid per share**	Market price**	Pre bid price	Value of bid £ms**	Bidder
Active Imaging	104	93½	77½	18.98	TVX
Appleby Westward	171*✲	167½	129	9.5	BWG
Arabis	24½	25	20	18.75	Hampson Inds
Burnfield ‡	173½	172½	100	60.55	Fairey Group
Clyde Petroleum	120*	117½	84½	493.68	Gulf Canada
Chubb	435	425½	419	1.226bn	Williams Hldgs.
Cook (Wm)	425*	420	375	80.81	Steel Castings
Fenchurch	65½	63	61½	24.08	Lowndes Lambert
Gradus Group ‡	178§§	175	125½	35.75	Headlam Group
Lloyds Chemists ‡	525*	525	516½	650.47	Gehe
London Elect ‡	705*	702½	683½	1.23bn	Entergy
Newman-Tonks	175*	178	151½	223.82	Ingersoll-Rand
Northern Electric‡	650*	651	520	659.75	CE Electric UK
OGC Intl	119.3*	117½	116½	72.6	Halliburton
Pifco Inv. Tst	122	122	117	45.16	Under.Assts Tst
Ropner	145§§	142	130	33.85	Jacobs Hldgs.
Scott Pickford	59*	57½	51½	7.45	Core Labs
Whessoe	155*	158	90	45.88	Siebe

Prices in pence unless otherwise indicated. *All cash offer. §For capital not already held. ‡ *Unconditional.* **Based on lunchtime prices 14/2/97. §§Shares and cash. ✲ AW shareholders who accept the offer may choose to receive loan notes for all or part of the cash consideration.

Directors' share dealings Transactions in own companies: Februrary 3-7

Company	Sector	Shares	Value £'000	No of directors
Sales				
Abacus Polar	Dist	45,000	94	1
Bellway	BCon	33,000	123	1
Contra-Cyclical ◆	InvT	115,000	13	1
CPL Aromas	FdPr	5,500	11	1
Crest Packaging	PP&P	200,000	170	1
Dixons Group	RetG	1,000,000	5200	1
Halstead (J)	BM&M	4,000	14	1
Henderson Group	OthF	2,705	36	1
Lancashire Entpse	SSer	23,500	33	2
Marks & Spencer	RetG	25,000	124	1
Southnews	Mdia	100,000	512	1
Stagecoach Holdings	Tran	3,500	26	1
Stanley Leisure	L&H	4,098	12	1
Utility Cable	BCon	335,000	50	1
WF Electrical	Dist	50,000	308	1
Yorklyde	Text	*10,000*	19	1
Dawson Holdings	SSer	8,000	202	1*
Dixons Group	RetG	102,000	530	1*
Henderson Group	OthF	20,000	268	1*
Marks & Spencer	RetG	39,087	192	1*
Purchases				
Airsprung Furniture	HGod	10,000	28	1
Alexandra Workwear	Text	25,000	20	1
Baring Emgng Europe§§bf	Uncl	42,000	19	1
Caspian	Mdia	100,000	44	1
Crest Nicholson	BCon	50,000	47	1
Domino Print Sci	Elec	4,000	14	1
Dunedin Worldwide	InvT	3,000	24	1
HTV	Mdia	4,000	14	1
Man (ED&F)	OthF	63,615	110	2
Mercury Asset Mngmt	OthF	12,000	156	1
Mountview Ests	Prop	1,350	19	1
Quadramatic	Eng	5,000	13	1
Scot Mrtge & Trust	InvT	5,000	14	1
Somerfield plc	RetF	10,000	17	1

Companies must notify the Stock Exchange within five working days of a *share transaction by a director*. This list contains all transactions (listed and Aim), including exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange. Shares traded are ordinary, unless otherwise stated. ◆= Capital shares. §§= Warrants.w Source: The Inside Track, *Edinburgh, 0131-473 7070*

Bids/Deals

Offer for Chubb

Williams Holdings, the industrial conglomerate, yesterday announced a recommended cash and paper offer worth about £1.3bn for Chubb Security, the alarms and locks group, *writes David Blackwell.*

The deal would make the group one of the world's leading security equipment manufacturers.

☐ Clyde Petroleum on Thursday described the fight against Gulf Canada Resources' £494m hostile takeover bid as "very, very close" as two analysts backed its battle for independence.

Brokers at SBC Warburg and BZW advised the UK oil independent's shareholders to reject Gulf's 120p a share cash offer before next Tuesday.

Both argued that Clyde's prospects would yield more value for shareholders over the longer term.

In The Pink

Prices? Your guess is as good as theirs

Even the top men at Shell and BP admit they're not certain, writes Robert Corzine

There was *substantial* sympathy for a shareholder who spoke at this week's meeting to approve the demerger of British Gas. He told his fellow small investors that he had sold British Petroleum shares – one of last year's hest stock exchange performers – to buy into the troubled UK gas giant, which had the duhious distinction of being one of the worst.

The pain must have been particularly acute when he saw just how quickly a rise in crude oil prices last year lifted BP's share price – as well as those of many other oil companies – to record highs.

This week, BP and the Royal Dutch Shell group – the biggest international oil company – eacb reported a 30 per ceot jump in profits for the year that ended in December, largely oo the back of higher oil prices. But both the chairmeo expressed caution about the direction of crude prices, which have fallen sharply over the past few weeks.

Oo February 3, the price of Breut Blend for March delivery – the yardstick against which much of the world's oil is priced – was $24.15 a barrel. By late yesterday, it had falleo to $20.80.

John Jennings, the chairman of Shell Transport and Trading, the London-based arm of the group, said last year's oil price rally had caused the Anglo-Dutcb group to raise the price threshold against whicb it evaluates new oil development projects. It was increased from $15 to $16 a barrel.

But Jennings would not be drawn on wbere the oil price migbt go from here. Although he saw "...signs of some weakness as summer approaches," be acknowledged that be was "hopeless at seeing what will happen in the future". His counterpart at BP, Sir David Simon, caused a small ripple in the markets on Tuesday when he said that the strong growth rates last year could not be sustained in the light of uncertain external conditions.

"What happens in the outside world affects us greatly," he noted.

His statement was a telling reminder to investors of just bow little control some of the world's largest industrial companies have over their destinies. It also raised the obvious question: What are the factors that are most likely to affect the oil price this year?

The weather – or, more correctly, the lack of it in the main industrialised countries in Europe and North America – has had a pronounced effect on oil markets in recent weeks. Although a late cold snap in the northern hemisphere over the next two months cannot be discounted, generally mild winter weather has dampened demand for fuels used to heat bomes and offices.

The middle of February also usually marks the end of the industry's winter – when demand for oil is at its highest – and the onset of its spring, whicb is traditionally the weakest time of the year for oil prices.

The most recent price falls were triggered by US statistics which showed th[e] stocks of heating oil – used in large quantities in the heavily populated north-eastern states – were rising. That removed one of the main props from the oil price rally which began last autumn when a threatened shortage of heating oil at the onset of the winter caused oear panic among US government officials. The markets interpreted last week's stock build-up as a sign that heating oil shortages were no longer a threat, and thus no longer a positive factor for higher crude prices.

There is also no threat to the security of the world's oil supplies, much of which comes from politically unstable regions. "There is no lack of crude oil in the world and no lack of capacity to produce it," Jennings said this week.

There is a consensus in the industry that prices are likely to weaken over the next month or so. The big division of opinion is whether such a trend will carry on.

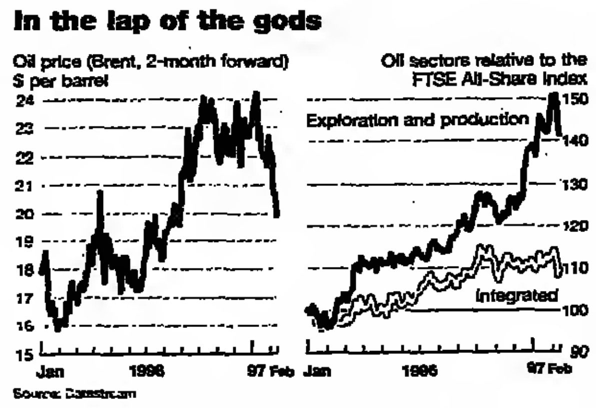
Some, such as Philip Verleger, a Washington DC-based consultant at Charles River Associates believes a price collapse could be coming because of subtle shifts in the way oil is traded between producers and refiners.

Others contend that lower prices will offer an opportunity for refiners to rebuild depleted inventories, a development which would put a floor underneath oil prices.

But it was BP's Simon who this week best summed up the industry's collective wisdom on the subject. "The oil price," he told journalists on Tuesday, "is in the lap of the gods."

> There is a consensus in the industry that prices are likely to weaken over the next month or so. The big division of opinion is whether such a trend will carry on

In the lap of the gods



Source: Datastream

Weekend Investor

Wall Street

Intel soars to the top of the heap

Technology stocks continue to propel the Dow upward, writes **John Authers**

Brokers were happy this week. On Thursday, the Dow Jones Industrial Average, barometer of blue-chip stocks for more than a century, hroke the 7,000 barrier barely four months after it had passed 6,000. There was impromptu applause on the floor of the New York Stock Exchange. But a group of 50,000 workers in California had even more to celebrate – and the teenage scribblers in Wall Street owe them more with each day that passes.

They are the employees of Intel, a much more youthful concern tban tha Dow, which has become a hlue chip by making silicon chips. It announced this week that it was paying its staff $820m in bonuses in recognition of the company's record performance in 1996. All will receive a slice of this payout, whicb works out at around 33 per cent of base salaries on average.

This is emphatically not a case of Wall Street greed. Since the beginning of last year, working from a base as one of the two biggest companies in an industry already booming, Intel has almost trebled its sbare price.

Its performance cannot be attributed to stock market over-enthusiasm. While its price-earnings ratio is on the high side, at 27, it cannot be called excessive – the multiple for Microsoft, previously the biggest technology stock, is 52, whila General Electric's is 24 and Coca-Cola's 43.

Instead, its strength is derived from its continned dominance of the market for making microprocessors, the *essential component* of personal computers. This sector, in turn, is increasingly important to the stock market and the US economy.

According to the Federal Reserva Board, total spending on computers increased by more than 360 per cent from January 1990 until the end of last year. But overall industrial production was lacklustre, gaining not much more than 25 per cent.

According to Goldman Sachs, this is tied to "broad, secular change in the US economy, not just cyclical forces". Computer production accelerated dramatically while the rest of the economy stayed in recession during 1990 and 1991, and remains far ahead of industrial production as a whole. In 1995, for example, the sector grew by about 25 per cent while total industrial production grew by about 1.1 per cent.

No wonder, then, that Intel arguably is tbe new market bellwether, replacing past holders of the title such as General Motors, General Electric and IBM – even though it is not quoted on the New York Stock Exchange, let alone included among the 30 companies which make up the Dow.

Technology stocks, increasingly dominated by what is known in the trade as "momentum" (investors putting their money wbere the action is), helped to propel the Dow's huge gains in November, and they have fuelled its volatility so far in 1997.

On Monday, for example, the *Dow tumbled almost 50* points on the hack of a sell-off in the technology sector (even Intel shed $4¾ to $151¾), triggered by a profits warning from 3Com, a large computer networking company.

On Wednesday, the main reason traders could provide for a huge 103.52 point gain in the Dow was tha announcement from Applied Materials, a maker of chip-manufacturing equipment, that its profits were better than expected.

This brought momentum back to the hlue chip companies as well as the high-tech specialists.

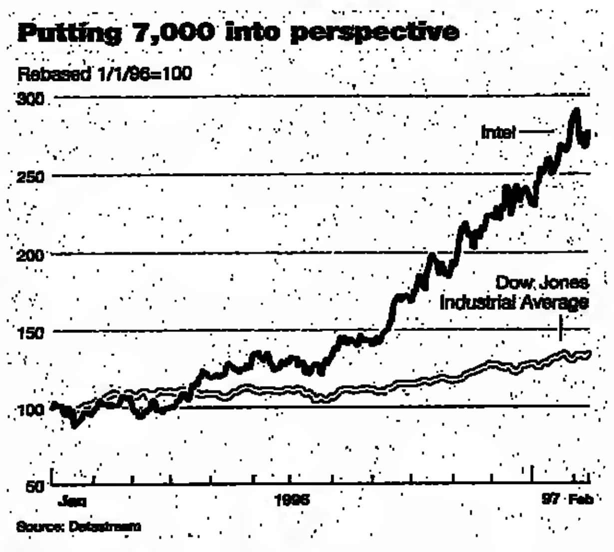
Now that the Dow has topped 7,000, only 82 trading days after its last landmark, what are the prospects for 8,000? The points made by both the bulls and the bears are distinctly reminiscent of the arguments wben tha Dow passed 6,000.

Bulls can point to the continued strength of corporate America, as revealed through profits announcements, and to the continued health of the economy, with growth at a steady and balmy rate in an environment of low interest rates and low inflation.

They also have on their side a revived dose of liquidity from small investors, who put $24bn into equity mutual funds last month.

Bears point out that stocks are expensive by virtually any measure, and that history has no precedent for a rising market to continue at its present rate for much longer. They can add that some mutual fund managers *are getting nervous* about the money pouring into their coffers, and are worried that their new investors have unrealistic expectations that the stock market's bull rum can continue.

Both camps can agree that the fate of the technology sector will be of growing importance as the Dow sets out on its next 1,000-point march.



Dow Jones Ind Average

Monday	6,806.54 – 49.26
Tuesday	6,858.11 + 51.57
Wednesday	6,961.63 + 103.52
Thursday	7,022.44 + 60.81
Friday	

London

On the trail of Mr Big

Magnum ready, **Philip Coggan** turns detective

The name's Hack. Efty Hack. I have been walking the mean streets round Southwark Bridge for so long that I thought I'd seen it all. But then a dame with a figure that could make even Alan Greenspan feel irrationally exuberant walked into my office.

"Oh, Efty," she simpered. "You've got to help me."

"What is it, habe? Man trouble?"

She nodded. "It's my husband. I don't know what's come over him. He's become a..." She broke down for a second.

"An alcoholic?" I asked. I seen a lot of those problems.

"A stock market investor. Once I could talk to him about normal subjects like music and sport. Now he's always jabbering about price-earnings ratios and the FTSE 100 index.

"And recently it's got worse. It's like he's always on a high."

"Leave it to me," I said, *climbing into* my trenchcoat and feeling the reassuring bulge of my Magnum notebook in the pockat. "I'll get him back to normal."

There was only one way to crack the case. I'd seen all the rackets: booze, drugs, pork belly futures. Behind them all, there was always a mastermind, a Mr Big. I just needed to find him.

My first stop was at a seedy City bar. I was looking for Swifty, a weaselly-looking runt who calls himself a "broker". Sure enough, he was seated in a booth, socking up to one of his so-called clients. Tha guy took one look at my press pass and made a hasty exit.

"So, Swifty," I said, grabbing him hy the lapels. "This stock market racket. Who's behind it?"

Swifty looked nervously round the room. "OK, Efty. But it's got to be off the record. This is an international deal. Wall Street, Europe, they're all in on it. *Everybody except the Japanese*."

"And what's their angle?"

"It's like the early days of the drug business. You start by selling it cheap, than when everybody is hooked, you rack up their prices.

"This time, money is cheap. Interest rates are low and everybody's got a taste for stocks. You should try it, Efty. You'll love it. I've got this great Aim company for you."

"Cool it, Swifty, I never touch anything stronger than a unit trust. Who's the local boss? I want to talk to him."

Swifty let out a low whistle. "You're crazy, Efty. you'll never get through to him. That guy has got protection: press officers, junior ministers, the works."

"Leave it to me, Swifty. All 1 need is a name."

"It's your funeral. Well, he calls himself the Chancellor – but everybody knows him as the Fat Man."

"Thanks." I tucked a twenty into his top pocket as "commission" and hit the road.

No sooner had my feet touched pavement than a black Daimler drew up beside me and a couple of heavies – they looked like monetarists – beckoned me inside.

"Come for a ride, Efty. I hear you're looking for the Fat Man."

I stepped inside. "News travels fast."

"Hey," shrugged a large-looking guy in hlack shades. "It's an efficient market."

"So you guys work for the Fat Man?"

The hood laughed, sardonically. "No. There's another game in town. We have a message from the Governor. The Fat Man's gone crazy. He's refusing to raise interest rates despite all the evidence. You had it in spades this week: a sharp fall in unemployment, a rise in average earnings, a pick-up in headline inflation."

I nodded. "And while rates are steady, the stock market keeps going up, right?"

"Smart guy," he snarled. "No one likes to be a party pooper. Who cares if companies are coming out with profits warnings, or if analysts are shading down their earnings' estimates because of a stronger pound? Everybody wants to be part of a rising market."

"So what do you want me to do?"

"You've got connections. Warn the public."

They dumped me by my office. The way 1 figured it, that guy was one of the bears I had heard about. They'd been fighting a turf war with another gang, the bulls, and had been losing out. Obviously, they were getting desperate.

Back at my desk, there was a note to call an out-of-town number. No name, but that's often the way my sources operate. I dialled.

"You were looking for me?"

"Yeah, Efty. Listen, and listen good. The Fat Man's days are numbered. There'a a contract on him."

"Who?"

"Quiet guy, doesn't smile much. Just calls himself Mr Brown. The hit's coming soon hut I'm not sure when. Could be March 20, April 10 or May 1. Seams like Mr Brown wants to please someone who I can't name."

"Let me guess. The Governor?"

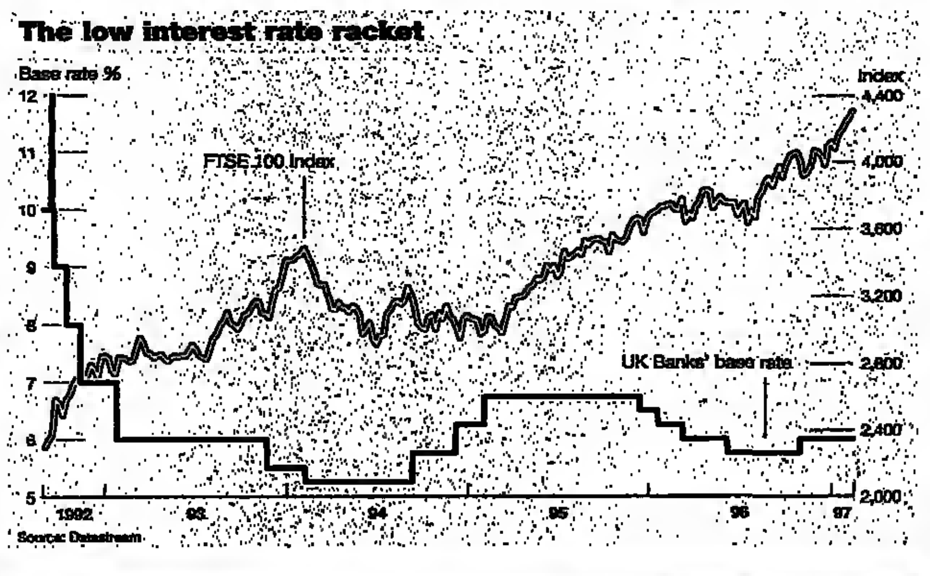
"Hey, you're good. Anyway, when Mr Brown controls the operation, he will raise interest rates like the governor wants. Then his real game will start: skimming the cream off utility profits with a windfall tax. Everybody has an angle."

It was the break I needed and I called my client right away. "Good news. I think your husband's infatuation may be coming to an end. After a period of cold turkey, he should be right as rain. Some time in May, I think."

"Gee, thanks, Efty. I'll pay you then."

"Sorry, babe," I said. "I don't deal in futures."


'Oh, Efty,' she simpered. 'You've got to help me' Kobal



■ **Highlights of the week**

	Price y'day	Change on week	52 week High	52 week Low	
FTSE 100 Index	4341.0	+33.2	4353.4	3612.6	In sympathy with Wall Street
Assoc Brit Foods	505	+28	505½	365	With Unilever
BTG	506	+43½	535	203	Licencees receive FDA approval
BP	687½	-49	760	515	Figures disappoint
Cable & Wireless	520½	+45	554	397	Swedish disposal
Cedardata	123½	-132	262½	113	Profits warning
Chubb Security	424½	+96	434½	308	Williams bid
Dailywin	58½	-36	158	57½	Profits warning
GKN	940	-55	1186	778	Litigation worries
Reckitt & Colman	768	+80½	777¼	649½	Bid speculation
Rolls-Royce	223½	-19	270	184½	Currency worries
Siebe	978	-26½	1093½	779	Agreed bid for Whessoe
SmithKline Beecham	894	+39½	904½	628½	US buying
Unilever	1537½	+170	1547½	1172½	Disposal plans
Williams Holdings	300½	-33	369½	298½	Bid for Chubb

Barry Riley

A really sterling performance

Now the big pressure is on the continental economies

Time is a great healer. On Black Wednesday, September 16 1992, the Bank of England made a hopeless attempt to hold the sterling exchange rate at its ERM floor level of DM2.778. On Wednesday this week, however, the rate at one time in the morning touched DM2.768.

The rate has slipped back since. But you never know: on a trade-weighted index basis, sterling (now 97.7) could end this parliamentary term higher than the 99.1 where it stood on April 9 1992, the date of the last general election.

Meanwhile, though, the British currency has been through the mangle. At one time in 1995, the pound was worth *as little* as DM2.18, some 26 per cent lower than the old ERM central rate. Such wide fluctuations provide a superficial case for introducing more stabla exchange rates, even a singla currency (which multinational company bosses appear to believe would make life simpler for them and allow them to downsize their costly corporate treasuries.

Yet, tha scale of the variations also provides a warning of the challenges that would face a European single currency area. If the underlying pressures could not be relieved through exchange rate realignments, they would be manifest in violent regional booms and slumps, and sharp changes in local inflation rates.

In just over four years, the tables have been turned as far as the UK and the hig continental economies are concerned. Germany and France are suffering much as the UK did in 1991 and 1992. in 1991, remember, German gross domestic product expanded at 5 per cent thanks to the reunification boom, while the British economy shrank hy 2 per cent. Interest rates, perversely, were held higher in the UK than Germany.

Now, the UK is expanding at 3 per cent plus while Germany is in near-recession, with soaring unemployment, *although* the unbelievable official forecasts look for economic growth of more than 2 per cent in 1997. Short-term interest rates are twice as high in the UK, this time quite logically so, and would be higher still if the Bank of England had its way.

Few people, however, have forecast sterling's strength accurately. The circumstances are not at all typical of the past. Historically, it has been the pattern for sterling to *depreciate* when Britain was booming. Interest rates were raised, partly to persuade foreigners to hold the currency – as when base rates were boisted to 15 per cent in 1989. Conversely, in the 1970s for example, bard currencies like the D-Mark and the Swiss franc offered only very low interest rates, but the likelihood of capital appreciation compensated.

We must now junk this old framework and seek some new insights.

> No wonder UK politicians prefer to avoid the whole subject of the single currency

Recently, the strong currencies – the dollar and sterling – have been the ones with relatively *high* interest rates. The weak currencies have offered very *low* money market rates – most dramatically, the yen's 0.5 per cent token return.

In fact, sterling has risen against the yen by 52 per cent inside two years, and by 26 per cent against the once-mighty Swiss franc in just six months. The rewards for those prepared to borrow the Japanese currency – the "yen carry" trade – and take currency risks have been immense.

In the 1970s and 1980s, all the developed economies were growing quite fast bnt some – sucb as the UK – tended to suffer from regular overheating and inflation. The situation in the 1990s is very different. Japan and Germany have seriously lost competitiveness against the US and the Asian tiger economies. In the case of the US, this has been achieved largely through a restructuring of the labour market (which, to some extent, has been followed in the UK as well).

In Japan, the unemployment is concealed. in Germany, though, the destruction of jobs is reaching catastrophic levels. The Maastricht treaty is a convenient scapegoat; yet, in *truth, such countries* are unable politically to adopt the labour market reforms whicb would address the competitiveness problem directly. So they are being forced back on headlong currency devaluation as a second-hest solution.

But such a transparent attempt to devalue real wages – or, more accurately, real employment costs, including crippling social security charges – has already aroused a furious response from the powerful German unions; and, to the extent that this adjustment is achieved through imported inflation, it will cause problems with watchdogs such as the Bundesbank, too.

In the UK, sterling's appreciation has the opposite effect of suppressing inflation, at least temporarily, as the Bank of England's *Inflation Report* acknowledged this week. But this downward pressure on prices is a mechanism for transmitting the continental depression to UK manufacturers of traded goods: in the stock market, sectors like chemicals, paper and engineering are notably underperforming.

Just imagine that the UK was already in the single currency. With 3 per cent interest rates and a highly competitive industry, an *all-out boom would* be under way, accompanied by rapidly accelerating inflation in the labour and property markets. At the very least, a huge rise in taxation would be required (Italian-style) to achieve a degree of economic convergence.

No wonder UK politicians prefer to avoid the subject. And such is the degree of continental slump that it is becoming steadily more realistic to hope the whole subject will indeed slip off the immediate agenda.

■ *Barry Riley will be on sabbatical for the next six weeks.*

Offshore managed funds and **UK managed funds** are listed in Section One

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OTHER UK UNIT TRUSTS

	Selling Price	Buying Price	+ or -	Yield Gross
Abtrust Unit Trust Managers Limited				
Satellite Managed	178.0	185.0xd	-0.9	1.30
Baring Fund Managers Ltd				
155 Bishopsgate, London EC2M 3XY				
0500 214000 (charity enquiries) 0171-214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	73.29	74.08	+0.22	4.0
Income Plus	52.92	53.07	+0.08	8.4
CAF – Charity Money Management				
Kings Hill, West Malling, Kent 01732 520033				
Balanced Growth	94.32	94.72xd	—	3.54
Income	60.83	61.80xd	—	7.81
CIM Unit Trust Managers Ltd				
Co-op Bank Ethical Ex Inc	1198259	104.759	—	1.32
Co-op Bnk Ethcl Ex Acc Jan 31	1338472	137.835	—	1.37
Cent. Bd. of Fin. of Church of England‡				
2 Fore Street, London EC2Y 5AQ 0171-588 1815				
Inv Fund Feb 11	830.42	832.82	+0.10	4.11
Fxd Int Sec Feb 11	161.80	162.24	+1.07	6.61
Deposit Fund: See Money Market Trust Funds.				
Charityguard CIF Funds				
10 Fenchurch St, London EC3M 3LB Freephone 0800 716053				
Inc Equity Acc Jan 31	£14.58	14.67	—	3.45
UK Equity Inc Jan 31	£12.40	12.40	—	3.45
Fixed Int Acc Jan 21	£12.52	12.54	—	7.42
Fixed Int Inc Jan 31	£10.77	10.79	—	7.49
Overseas Equity Acc Jan 31	£11.81	12.18	—	1.22
Overseas Equity Inc Jan 31	£11.78	12.04	—	1.22
Charinco/Charishare‡ (1000)F				
33 King William Street, EC4R 9AS 0171-280 2800				
Charinco Inc	179.1	180.9	-0.10	7.96
Charinco Acc	1458	1471	—	7.84
Charishare Inc	283.6	288.1	-0.40	3.33
Charishare Acc	429.7	436.5	-0.70	3.33
COIF Charity Funds‡				
6 Fore Street, London EC2Y 5AQ 0171-588 1815				
Investment Inc Feb 13	809.41	821.00	+4.71	4.16
Investment Acc Feb 78	3778.78	3836.90	+22.11	-
Fixed Int Income Feb 10	130.84	131.30	+1.40	6.83
Fixed Inc Accum Feb 13	243.75	244.73	+2.66	-
Deposit Account: see Money Market Trust Funds				
Charity Fixed Int Fd/Charity Equity Fd				
35 Gutter Lane EC2V 8AS 0171-362 3906 (Gen Enquiries)				
0171-387 3904 (Dealing)				
Charity Equity Inc	183.03	185.85xd	+0.92	3.77
Charity Equity Acc	220.43	225.03xd	+1.11	3.77
Charity Fixed Inc Inc	108.31	109.50xd	+0.37	7.80
Charity Fixed Inc Acc	153.86	155.67xd	+0.63	7.86
Edinburgh Fund Mngrs PLC				
Exempt Funds				
Managed Feb 16	222.1	231.0	+0.8	2.18
Sm Jap Cos Feb 7	522.3	530.7	-6.6	0.00
Latin American Feb 11	154.5	162.2	+1.6	0.30
Ely Place Investments Ltd				
28 Ely Place, London, EC1N 6RL 0171-242 0242				
Alpha Charity	60.91	62.39	—	4.46
Alpha Charity Inc	54.57	58.78	—	4.46
Fidelity Investment Services Ltd				
Mngd Pens Ptfolio	283.7	288.4	+1.09	2.10
Fledgeling Charity Portfolio				
25 Copthall Avenue EC2R 7DR 0171-638 5858				
Inc Equity	01.8740	1.8483	+0.0080	3.07
Bond	£1.0832	1.0873	-0.0018	7.30
Foreign & Colonial Unit Management Ltd				
Balanced Acc Feb 12	255.4	255.5	—	2.54
Balanced Inc Feb 12	233.6	243.1	—	2.54
Common Fd for Chs Feb 11	110.00	115.70xd	—	3.46
Common Fund for Income Feb 11	103.80	103.80xd	—	7.40
Global Emg Mkts Ex Feb 12	91.7	92.5	—	1.40
Latin American Acc Feb 12	141.9	142.3	—	1.42
Funds in Court*				
Capital Feb 6	845.52	861.80	—	3.00
Gross Feb 6	228.68	229.82	—	6.74
High Yield Feb 6	400.07	402.58	—	6.62
* Restricted to monies under Court control				
Glasgow Investment Managers Ltd				
GIT3I	225.4	232.4	—	1.74
Global Asset Management				
GAM Institutional Exempt Trust				
NAV		120.70		—
Govett (John) Unit Mngmt Ltd				
Core & Satellite Exempt	145.48	146.86	+0.5	3.12
Guinness Flight Exempt Investment Funds				
J. Rothschild Fund Managers Ltd				
Ind Exempt Accum	294.8	298.3	+1.3	174
Stewart Ivory & Co Ltd				
Saints PPP Jan 13	487.0	523.2	—	0.00
Closed to new business				
Templeton Unit Trust Managers Ltd				
Exempt Trust Feb 14	124.04	127.05	—	1.86
Tilney Unit Trust Management Ltd				
Balanced Managed Exempt	125.80	128.20	+1.40	2.24

PROPERTY UNIT TRUSTS

	Selling Price	Buying Price	+ or -	Yield Gross
Falcon Property Unit Trust				
Property Dec 31	12040	2200	—	6.6
Hanover Property Unit Trust				
Property Dec 31	29885	10525	—	5.3
Hill Samuel Property Unit Trust				
Property Jan 16	297.6	312.0	—	0.50
Kleinwort Benson Property Fund				
Property Dec 31	23085	3295	—	4.84
Lazard Brothers & Co., Limited				
Property Feb 6	8214.00	225.08	—	7.0
Inc Glt Prp Feb 5	217.78	18.05	—	6.6
Lilliput Property Unit Trust				
Property Jan 2	21079	1162	—	7.4
Local Authorities Property Fund (LAMIT)				
Property Jan 31	197.44	208.84	+0.34	7.65
Morgan Grenfell Property Funds				
Industrial Jan 24	£1124.15	1163.37	—	7.40
Office Jan 24	£1088.80	1112.46	—	6.58
Retail Jan 24	£1450.29	1500.46	—	5.30
Managed Jan 24	£986.58	1025.32	—	5.79
New Court Property Fund				
Property Jan 8		157.02	—	7.1
Schroder PUT				
Property Dec 31	12305	2522	—	6.0
Swift Balanced Property Unit Trust				
Balanced Property Jan 2	2863.0	922.0	—	6.2

INSURANCES

	Selling Price	Buying Price	+ or -	Yield Gross
AIG Life				
22 Addiscombe Road, Croydon CR9 5AZ 0181-680 7172				
Distribution	95.9	101.1	—	6.10
AXA Equity & Law Life Assce				
Amersham Road, High Wycombe 01494 463463				
Life Funds Series 6 (Other Series on request)				
UK Equities Ser 6	1318.79	1385.90	+8.70	-
Higher Income Ser 6	1354.60	1425.70	+1.80	-
Property Ser 6	312.50	344.70	—	-
Fixed Interest Ser 6	506.70	533.30	+1.70	-
Index Lnkd Secs Ser 6	207.60	218.40	+0.40	-
Cash Deposit Ser 6	324.30	341.80	—	-
Nth American Ser 6	820.70	863.30	+10.40	-
Far East Ser 6	550.40	580.80	+3.00	-
Europe Ser 6	516.80	544.10	+5.10	-
International Ser 6	692.70	729.16	+0.70	-
Balanced Ser 6	894.00	941.00	+4.50	-
Reserve Ser 6	181.16	190.60	+0.20	-
Opportunity Ser 5	204.50	215.20	+1.40	-
Distribution Ser 6	109.56	115.20	+0.10	6.29
Ind Pens Funds Series 1.55 (Other Series on request)				
Pens Equity	2036.50	2143.60	+9.70	-
Pens Higher Inc	446.50	469.90	+6.00	-
Pens Fixed Int	743.90	783.00	+1.60	-
Pens Index-Linked	290.80	306.20	+0.50	-
Pens Property	690.50	694.70	—	-
Pens N America	282.00	296.80	+5.00	-
Pens Far East	309.60	325.80	+2.00	-
Pens Europe	299.10	314.80	+3.50	-
Pens Overseas	1052.80	1108.20	+11.70	-
Pens Balanced	1125.20	1184.40	+6.80	-
Pens Cash	524.40	552.00	—	-
Pens Opportunity	234.30	246.60	+1.00	-
Pens Reserve	220.80	232.16	+0.20	-

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

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Growth & Sec. Life Assce. Soc. Ltd
Mill Green Rd, Haywards Hth, W. Sussex 01444 413307

	Selling Price	Buying Price	+ or -	Yield Gross
Flexible Finance	281.90		—	-
Landbank Secs	77.62		—	-
Landbank Secs Acc	443.33	454.09	—	-

Guardian Royal Exchange
Royal Exchange, EC3 0171-283 7121

Lincoln
101-105 Oxford Rd, Uxbridge 01895 200200

Money Market Trust Funds

Money Market Bank Accounts

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT MANAGED FUNDS SERVICE

Offshore Funds

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Jupiter Tyndall (Bermuda) Ltd

Newport Investment Management

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

Prudential Fund Managers (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

GUERNSEY (REGULATED)(**)

Saudi International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Staines Fund Managers (Guernsey) Ltd

UBK Asset Management

U.S. Advisors (Guernsey) Limited

Yamaichi Capital Mngt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

AIB Fund Managers

BT Fund Managers (Ireland) Ltd

Bank of Ireland

Global Asset Management

Tilney (Ireland) Ltd

IRELAND (REGULATED)(**)

Global Resources Stock Fund

Goldman Sachs

Ulster Bank Investment Services

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

Prudential Fund Managers (Jersey) Ltd

Royal Bank of Scotland Intl Mgrs (Jersey) Ltd

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Abtrust Fund Mngrs Luxembourg SA (u)
4 Boulevard Royal L 2449 Luxembourg 00 352 227001

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Abtrust Atlas Fund					
Global Cap Portfolio		$4.030		+0.031	-
United States Portfolio		$5.082xd		+0.053	-
Cont'l Europe Portfolio	0	DM7.617		+0.046	-
Japan Portfolio		[illegible]		+0.011	-
Pacific Portfolio		$6.705			-
Gold Portfolio		$6.080		+0.053	-
UK Growth of Income		£2.256		+0.005	3.61
Dollar Portfolio		$1.891		+0.001	7.00
Sterling Portfolio		$1.0944		—	6.30

Aetna Master Fund (u) (x)
21 avenue de la Liberte, L-1931, Lux 00 352 2954 941

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Australasian NAV		A$17.00		+0.15	-
Austrian Mst NAV		Sch67.30		+0.04	-
Belgo/Lux NAV		BFr[illegible]		+3.37	-
Dutch Mst NAV		DM47.15		+0.41	-
French Mst NAV		FFr151.36		+1.07	-
German Mst NAV		DM20.95		+0.07	-
Hongkong Mst NAV		HK$135.30		-1.99	-
Italian Mst NAV		L14278		+164	-
Japanese Mst NAV		Y1169		+18	-
Spanish Mst NAV		Pta1[illegible]		+17	-
UK Mst NAV		$11.10		+0.08	-
United States Dlr Res		$11.14		—	-

Prices quoted are "A" shares

American Phoenix Investment Portfolios (u)
13 rue Goethe, L-1637 Luxembourg 00 352 404646211

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
European Multinational Ptflo		Ecu21.50		+0.08	-

Fleming Group (u)
8 Route De Treves L-2633 Senningerberg Luxembourg
00 352 34101 or 0800 960 284

	Init Charge	Selling Price	Buying Price	+ or -	Yield Gr's
Fleming Flagship Fund (daily dealing)					
FFF American		$58.21	51.58	+0.65	-
FFF Asian Smaller Cos F		$10.45	11.25	+0.02	-
FFF China		$15.37	16.29	+0.01	-
FFF Continental Europe F		[illegible]	48.17	+0.10	-
FFF DM Balanced F	5	DM11.73	12.40	+0.01	-
FFF DM Bond	5	DM11.29	11.69	+0.01	6.59
FFF Eastern European F		DM31.34	33.10	+0.29	-
FFF Eastern Opps		$23.46	24.82	-0.12	-
FFF Emerging Markets F		$10.46	11.00	-0.03	-
FFF European		DM44.14	46.64	+0.12	-
FFF Global Conv F		$18.27	19.33	+0.07	-
FFF Intl Bond F		$13.63	14.42	-0.03	-
FFF Japanese		$14.04	14.88	-0.04	-
FFF Japanese Smaller Cos F		$5.84	6.17	+0.01	-
FFF Latin American		$13.60	14.36	+0.16	-
FFF Pacific		$21.35	22.58	+0.11	-
FFF Sterling Bond		$1.085	1.149	-0.001	7.50
FFF UK Enterprise		£5.61	5.93	+0.08	-
FFF US Discovery		$45.24	47.83	+0.25	-
Fleming Flagship Series II (Daily Dealing)					
DM Class F		DM12.398		+0.001	2.63
FFr Class F		FFr54.024		+0.005	2.94
ITL Class F		L21972		+3	6.37
£ Class F		£3.195		+0.001	5.051
US$ Class F		$11.965		+0.001	5.18
Oasis Fund Sicav					
International Equity F		[illegible]	10.9183	—	-

Foreign & Colonial Emerging Markets Ltd (u)
Exchange Ho, Primrose St, Ldn, EC2A 2NY 0171-628 1234

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCES

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

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OTHER OFFSHORE FUNDS

[illegible]

● MANAGED FUNDS NOTES

[illegible]

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Feb 14 / US$)
(4 pm close)

CANADA (Feb 14 / Can. $)
(4 pm close)

EUROPE

AUSTRIA (Feb 14 / Sch)

BELGIUM/LUXEMBOURG (Feb 14 / Frs.)

DENMARK (Feb 14 / Kr)

FINLAND (Feb 14 / Mka)

FRANCE (Feb 14 / Frs.)

GERMANY (Feb 14 / Dm.)

ITALY (Feb 14 / Lire)

NETHERLANDS (Feb 14 / Fls.)

NORWAY (Feb 14 / Kroner)

SPAIN (Feb 14 / Pta.)

SWEDEN (Feb 14 / Kronor)

SWITZERLAND (Feb 14 / Frs.)

AFRICA

SOUTH AFRICA (Feb 14 / Rand)

PACIFIC

JAPAN (Feb 14 / Yen)

AUSTRALIA (Feb 14 / Aus$)

HONG KONG (Feb 14 / H.K.$)

MALAYSIA (Feb 14 / MYR)

SINGAPORE (Feb 14 / S$)

INDICES

	Feb 14	Feb 13	Feb 12	1996/97 High		1996/97 Low	
Argentina							
General(29/12/77)	(u) 20841.22	20690.04	20841.20	13/2/97		15297.20	22/8/96
Australia							
All Ordinaries(1/1/80)	2482.6	2486.4	2473.5	2498.40	13/2/97	2086.10	17/7/96
All Mining(1/1/80)	959.2	958.8	948.0	1118.40	8/5/96	903.80	13/12/96
Austria							
Credit Aktien(30/12/84)	404.62	404.05	405.00	405.00	12/2/97	349.19	6/9/96
Traded Index(2/1/91)	1213.36	1212.03	1208.49	1213.38	14/2/97	975.27	2/1/96
Belgium							
BEL20(1/1/91)	2098.03	2098.91	2087.63	2098.91	13/2/97	1574.90	2/1/96
Brazil							
Bovespa(29/12/83)	(u) 87649.0	86706.00	87649.00	13/2/97		43991.00	2/1/96
Canada							
Metals Minls♦(1975)	(u) 5462.58	5438.46	6624.60	8/5/96		4687.47	16/1/96
Composite♦(1975)	(u) 6225.80	6165.40	6225.80	13/2/97		4739.70	15/1/96
Portfolio§§(4/1/83)	(u) 3138.10	3105.92	3138.10	13/2/97		2327.38	12/1/96
Chile							
IGPA Gen♥(31/12/80)	(u) 5380.35	5318.21	5804.33	8/1/96		4688.17	18/12/96
Denmark							
CopenhagenSE(3/1/83)	539.02	535.65	532.11	539.02	14/2/97	368.40	2/1/96
Finland							
HEX General(28/12/90)	2866.59	2855.97	2835.30	2866.59	14/2/97	1661.67	10/1/96
France							
SBF 250(31/12/90)	1759.75	1761.06	1746.49	1761.05	13/2/97	1280.18	2/1/96
CAC 40(31/12/87)	2627.42	2628.41	2599.33	2628.41	13/2/97	1897.85	11/1/96
Germany							
FAZ Aktien(31/12/58)	1120.05	1113.97	1108.68	1120.05	14/2/97	818.96	2/1/96
Commerzbank(1/12/53)	3254.90	3235.40	3223.00	3254.90	14/2/97	2370.10	2/1/96
DAX‡(30/12/87)	3248.18	3229.48	3216.14	3248.18	14/2/97	2284.86	2/1/96
Greece							
Athens SE(31/12/80)	1238.44	1230.20	1252.37	1252.37	12/2/97	872.99	7/8/96
Hong Kong							
Hang Seng(31/7/64)	13113.28	13239.95	13462.61	13868.20	20/1/97	10204.90	2/1/96
India							
BSE Sens.(1979)	3521.99	3492.65	3483.48	4069.26	18/6/96	2745.06	4/12/96
Indonesia							
Jakarta Comp.(10/8/82)	704.47	707.36	701.05	707.36	13/2/97	512.48	2/1/96
Ireland							
ISEQ Overall(4/1/88)	3016.18	3002.23	2982.59	3016.18	14/2/97	2234.61	2/1/96
Italy							
Banca Comm Ital(1972)	785.63	781.90	787.77	787.71	10/2/97	572.21	27/3/96
MIB General(2/1/97)	1180.0	1174.0	1182.0	1197.00	10/2/97	991.00	2/1/97
Japan							
Nikkei 225(16/5/49)	18722.00	18688.06	18409.96	22666.80	26/6/96	17303.70	10/1/97
Nikkei 300(1/10/82)	287.30	285.51	282.24	318.70	26/6/96	281.04	27/1/97
Topix(4/1/68)	1389.88	1382.79	1368.43	1722.13	26/6/96	1326.60	27/1/97
2nd Section(4/1/68)	1737.77	1728.98	1721.95	2261.48	2/7/96	1716.28	10/2/97
Malaysia							
KLSE Comp.(4/4/86)	1246.91	1259.10	1254.42	1259.10	13/2/97	993.10	2/1/96
Mexico							
IPC(Nov 1978)	(u) 3778.46	3802.63	3802.63	12/2/97		2738.36	8/3/96
Netherland							
CBS TtlRtnGen(End 83)	838.3	834.4	822.6	838.30	14/2/97	538.50	2/1/96
CBS All Shr(End 83)	492.0	489.7	482.8	492.00	14/2/97	328.70	2/1/96
New Zealand							
Cap. 40(1/7/86)	2323.18	2339.15	2326.27	2440.21	20/1/97	2025.14	7/5/96
Norway							
Oslo SE(Ind)(2/1/83)	1870.81	1848.70	1835.23	1870.81	14/2/97	1258.88	30/1/96
Philippines							
Manila Comp(2/1/85)	3322.30	3335.73	3339.83	3447.80	3/2/97	2578.97	2/1/96
Portugal							
BVL 30(4/1/93)	2589.70	2580.88	2576.66	2690.07	7/2/97	1602.81	2/1/96
Singapore							
SES All-S'pore(2/4/75)	572.33	570.02	561.49	610.37	5/2/96	503.78	21/10/96
South Africa							
JSE Gold(28/9/78)	1395.1♥	1390.8	1350.0	2038.40	29/5/96	1339.00	3/2/97
JSE Ind.(28/9/78)	8305.3♥	8332.8	8262.8	8739.30	25/1/96	7568.90	17/12/96
South Korea							
KoreaCompEx**(4/1/80)	721.00	716.71	712.50	986.84	7/5/96	611.05	7/1/97
Spain							
Madrid SE(30/12/85)	480.66	477.55	475.01	480.66	14/2/97	323.76	11/1/96
Sweden							
AffarsvarldenGen(1/2/37)	2551.4	2661.2	2649.7	2661.20	13/2/97	1708.60	22/1/96
Switzerland							
Swiss Bk Ind(31/12/58)	2152.44	2140.29	2143.34	2152.44	14/2/97	1518.19	17/1/96
SBC General(1/4/87)	1494.41	1486.08	1488.02	1494.41	14/2/97	1114.47	26/1/96
Taiwan							
WeightedPr.**(30/6/66)	7498.51	7536.28	7424.10	7536.28	13/2/97	4690.22	6/2/96
Thailand							
Bangkok SET(30/4/75)	713.46	698.06	722.57	1415.04	6/2/96	698.06	13/2/97
Turkey							
IMKB Nat 100(1986)	1599.00	1599.00	1578.00	1709.00	27/1/97	389.00	2/1/96
WORLD							
MS Capital Intl$(1/1/70)	846.1*	844.7	839.1	846.10	14/2/97	725.90	15/1/96
CROSS-BORDER							
Eurotrack 100(26/10/90)	2158.67	2158.38	2143.59	2158.67	14/2/97	1604.40	11/1/96
Euro Top-100(26/6/90)	1824.62	1819.89	1808.73	1824.62	14/2/97	1333.01	11/1/96
HSBC JC Drgs(31/12/88)	(u) 421.90	424.27	428.45	20/1/97		344.19	2/1/96
ING Brngs Emrg(7/1/92)	178.67	178.07	175.74	178.07	13/2/97	147.35	2/1/96

US INDICES

Dow Jones	Feb 13	Feb 12	Feb 11	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Industrials	7022.44	6961.63	6858.11	7022.44 (13/2/97)	5032.94 (10/1/96)	7022.44 (13/2/97)	41.22 (8/7/32)
Home Bonds	103.38	103.39	103.41	106.09 (14/2/96)	100.99 (15/7/96)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2363.24	2348.91	2322.87	2363.24 (13/2/97)	1862.71 (18/1/96)	2363.24 (13/2/97)	13.23 (8/7/32)
Utilities	233.10	233.09	231.34	240.85 (22/1/97)	204.86 (30/7/96)	256.46 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 7074.39 (6976.84) Low 6924.30 (6844.26) (Theoretical♣)
Day's high 7040.91 (6961.63) Low 6960.48 (6854.65) (Actual♣)

Standard and Poors	Feb 13	Feb 12	Feb 11	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Composite‡	811.82	802.77	789.59	811.82 (13/2/97)	598.48 (10/1/96)	811.82 (13/2/97)	4.40 (1/6/32)
Industrials♥	947.33	938.92	922.25	947.33 (13/2/97)	702.07 (15/1/96)	947.33 (13/2/97)	3.52 (30/6/32)
Financial	94.86	92.51	91.35	94.88 (13/2/97)	58.67 (10/1/96)	94.88 (13/2/97)	7.13 (4/9/74)
NYSE Comp.	424.42	419.88	414.08	424.42 (13/2/97)	321.41 (10/1/96)	424.42 (13/2/97)	4.64 (25/4/42)
Amex Comp.	585.40	593.10	589.24	617.61 (22/5/96)	524.20 (16/7/96)	617.61 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1370.81	1358.96	1331.51	1388.06 (22/1/97)	988.57 (15/1/96)	1388.06 (22/1/97)	54.87 (3/10/74)

■ RATIOS

	Feb 7	Jan 31	Jan 24	Year ago
Dow Jones Ind. Div. Yield	1.95	1.96	1.99	2.13
	Feb 12	Feb 5	Jan 29	Year ago
S & P Ind. Div. yield	1.73	1.78	1.78	1.88
S & P Ind. P/E ratio	24.63	24.09	23.98	19.85

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Hanson	8,578,800	7⅛	+⅛
Utd Hlth	8,192,000	50¾	+2
AT&T	5,024,700	39¾	—
Gen Motors	4,987,100	59¼	+1⅛
WalMart	4,965,800	24⅜	-⅛
Office Dpt	4,656,600	19¼	-⅝
Banc One	4,106,300	45⅞	+1
IBM	3,958,500	146⅞	+1¼
Homestake	3,950,700	14⅞	+⅛
Nokia	3,883,600	64	-3⅛

■ TRADING ACTIVITY

● Volume (million)	Feb 13	Feb 12	Feb 11
New York SE	584.368	563.552	480.590
Amex	19.531	23.914	25.832
NASDAQ	744.768	687.544	688.663
NYSE			
Issues Traded	5,332	3,339	3,324
Rises	1,723	1,764	1,306
Falls	826	760	1,194
Unchanged	783	815	824
New Highs	343	242	142
New Lows	14	25	40

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
■ CAC-40 (200 x Index)							
Feb	2644.0	2631.0	-3.5	2651.0	2621.0	13,409	27,569
Mar	2653.0	2637.5	-3.5	2656.0	2633.5	963	23,138
■ DAX							
Mar	3270.0	3262.0	-10.0	3283.5	3251.0	28,254	-
Jun	3284.5	3276.5	-12.0	3297.0	3270.0	376	-
■ OMX							
Feb	2082.00	2064.00	-16.0	2085.00	2061.00	2,337	19,191
Mar	2087.50	2070.00	-14.5	2087.50	2066.75	1,627	10,082
■ SOFFEX							
Feb	4450.0	4467.0	+36.0	4480.0	4437.0	6,387	24,214
Mar	4454.0	4472.0	+24.0	4479.2	4453.6	1,053	4,075

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Mar	814.00	813.80	-0.35	817.45	811.75	77,570	183,234
Jun	823.00	818.50	-2.15	823.00	819.50	1,558	11,780

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
■ Nikkei 225							
Mar	18780.0	18720.0	-10.0	18910.0	18590.0	27,333	219,712
Jun	18770.0	18690.0	-20.00	18860.0	18590.0	2,317	49,246

Open interest figures for previous day.

** Sat Feb 8 : Taiwan Weighted Price (u) ; Korea Comp Ex (u) . Base values of all indices are 100 except Australia All Ord and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL30, SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; IMKB Nat 100 - 1; NYSE All Common – 50; Standard & Poor's – 10 and Amex Comp - 550. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 14 - 3249.17 -7.66. † Correction. * Calculated at 15.30 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

Dow straddles 7,000, techs down

AMERICAS

The Dow Jones Industrial Average moved back and forth across the 7,000 level in quiet trada as US shares gave back some of the strong gains made over the course of this week, *writes Lisa Bransten in New York.*

Blue-chip shares twice dipped below the psychologically important 7,000 level but, by midday, they were bolding above that level.

At noon, the Dow was 18.09 lower at 7,004.35. The Standard & Poor's 600 slipped after crossing tha 800 point benchmark on Wednesday, losing 1.93 at 809.89. NYSE volume came to 225m shares.

Yesterday's losses were modest given that, by Thursday's close, the Dow had climbed nearly 167 points on the week, and the S & P had risen by more than 22 points.

The technology-rich Nasdaq composite, which gained 15.61 points by Thursday's close, sbed 3.89 at 1,366.92 and tbe Pacific Stock Exchange technology index, whicb contains NYSE and Nasdaq issues, lost 0.5 per cent.

All four of the Nasdaq's largest companies were lower. Intal slumped $3 at $154, Microsoft lost $1⅝ at $98⅝, Cisco 5ystems dropped $⅞ to $62¼ and Oracle shed $⅞ at $41.

Cyclical shares were especially strong after underperforming other sectors for much of the week. The Morgan Stanley index of cyclical shares added 0.2 per cent, while the counterpart index of companies in the consumer non-durable aector lost 0.4 per cent.

Banks also sbowed strengtb as interest rates slipped. Citicorp added $1⅝ at $124⅝ and Chase Manhattan Bank rose $⅞ to $102.

Shares in American Airlines were off $1¼ at $82 amid worries about a pilots strike at the US carrier. Pilots were still talking with management yesterday, but a strike was set to begin at midnigbt if no agreement was reached.

Merck was one of the hardest hit shares in the Dow. The U5 pbarmaceuticals company gave up $2½ or 3 per cent at $97¼.

TORONTO moved lower during the morning session, dragged down by a weak start on Wall 5treet and signs of profit-taking after the recent rally. At the noon calculation the 300 composite index was off 17.92 at 6,207.86.

Takeover talk switched from the oil pitches to paper following the news tbat Abitibi-Price, the world newsprint leader, was in merger negotlations witb 5tone Consolidated.

Abitibi came off 25 cents to C$22 and 5tone, number four in the global newsprint league, jumped 60 cents to C$21.50. Bank of Montreal shed 55 cents to C$49.65.

CARACAS jumped 2.1 per cent at midsession as the beochmark Electricidad de Caracas and CanTV, the local telecommunications monopoly, continued to move solidly higher. The IBC index stood 133.44 higher at 6,655.16. Electricidad picked up 3 bolivars at 516 bolivars, while CanTV class D shares rose 14.75 bolivars at 2,060.00 bolivars.

MEXICO CITY edged ahead at midsession and the IPC index was 2.29 higher at 3,780.75 in relatively low volume.

SAO PAULO edged down at midsesslon on some profit-taking after Thursday's Bovespa future index expiry. The Bovespa index lost 100 to 87,549.

Paris flat after Renault profits warning

EUROPE

Shares in PARIS gave up early gains after a warning from Renault that operating losses for 1996 would emerge at a "considerably higher" level than stock market estimates . The CAC 40 ended 0.99 lower at 2,627.42.

Renault retreated FFr7.50 or 5.8 per cent to FFr122.50, closing 21 per cent below its 12-month peak. Peugeot sbed more than 4.5 per cent, sliding FFr28.00 to FFr584.

The statement from Renault, which made it clear that both trucks and cars would lose money for last year, cast a pall of gloom over an otherwise relatively buoyant market.

Carrefour and Rbône-Poulenc both jumped more than 3 per cent, the former gaining FFr136 to FFr3,558 and the latter FFr6.70 at FFr193.3. Alcatel Alsthom rose FFr14 to FFr587.

AMSTERDAM nudged up to another all-time best belped by anothar strong day for Unilever wbich jumped almost 5 per cent on a fresh appraisal of the restructuring potential at the detergents-to-foods giant.

Trading was mixed but upbeat stories comfortably outweigbed those which were negative, and the AEX index ended 6.99 better at 719.49.

Unilever advanced Fl 15.50 to Fl 351 in 2.2m shares. *KLM* added Fl 2.00 to Fl 56.10. Among financials, ABN-Amro spurted Fl 3.50 to Fl 130.10.

ZURICH returned to its record-setting ways encouraged by the stronger dollar and low domestic bond yields.

The SMI index, which saw a small pullback on Thursday after registering record closes in each of the 10 previous sessions, rose 27.9 to 4,464.2.

UBS, due to release 1996 results next Friday, continued to recover from recent underperformance, rising SFr16 to SFr1,293.

Zurich Insurance eased 50 centimes to SFr426.50 following sharp gains earlier in the week after Goldman Sachs added the shares to its European priority list.

SMH, the watchmaker, shot up to a high of SFr963 on a joint venture with Calvin Klein, the US fashion and design group. Tbe shares subsequently pulled back to finish SFr9 higher at SFr947 as SMI announced that 1996 sales rose by an estimated 6 per cent, lower than some forecasts.

FRANKFURT mid-caps eased with its blue chips as the Dax 30 fell 7.69 to an Ibis-indicated 3,249.17. But while there was still a lot of turnover in the big stocks, tbe total rising from DM14.6bn to DM14.8bn, share price action was more exciting among the smaller fry.

Brau und Brnnnen, suspended on Thursday prior to the sacking of its chairman, Mr Friedricb Ebeling, led the Ibis list with a gain of DM19 or 14.3 per cent to DM152. Brokers took the view that new management could advance the brewer's restructuring programme.

Also in mid-caps, the sportswear gronps, Puma and Adidas, rose after Puma's late Thursday announcement of a fourfold increase in U5 shoe sales in 1996. Puma climbed DM6, or 10.5 per cent to DM632.20 while Adidas rose DM2 to DM161.50 in sympathy.

MILAN was mixed, with telecoms at tbe ceotre of attention as investors tried to position themselves ahead of the merger between 5tet and Telecom Italia later in the year. The Comit index picked up 3.73 to 785.63 while the real-time Mibtel index lost 72 to 12,514.

5tet picked up L112 to L8,446 but TI gave up L21 to L4,543 as investors tried to second guess the government over the share swap ratio to be employed.

MADRID's banking sector was strong ahead of shareholder meetings, a 1.3 per cent gain overall taking in rises of Pta85 to Pta3,895 at BCH, and Pta240 to Pta9,470 at Santander. Telefónica rose Pta55 to Pta3,400 on the final day of the retail share offer, and the general index hit a new all-time high, up 3.11 at 480.66.

STOCKHOLM, too, saw strength in banks, up 1.9 per cent after S-E-Banken posted a 68 per cent jump in 1996 operating profits and closed SKr2 higher at SKr72.50. However, it was weak elsewbere, Ericsson losing 5Kr3.50 at SKr245.50, and the Affärsvärlden General index fell 9.8 to 2,651.4.

HELSINKI matched 5tockholm's weakness ln telecoms, Nokia A losing FM4 at FM315 after a post-bourse price of FM331 on Thursday; but here, forestries rose by 2 per ceot oo product price rises and on recent broker upgrades. The Hex index peaked again, 10.61 higber at 2,866.59.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

FTSE Actuaries Share Indices

Feb 14 — THE EUROPEAN SERIES Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2156.60	2157.40	2157.63	2158.73	2159.25	2160.36	2158.86	2158.67
FTSE Eurotrack 200	2188.91	2187.18	2188.72	2188.78	2192.08	2192.19	2188.24	2181.24

	Feb 13	Feb 12	Feb 11	Feb 10	Feb 7
FTSE Eurotrack 100	2158.38	2143.59	2133.29	2123.68	2109.55
FTSE Eurotrack 200	2183.79	2174.50	2154.68	2156.79	2148.50

Base value 1000 (26/10/90). High/day: 100 - 2161.15; 200 - 2193.83 Low/day: 100 - 2155.57 200 - 2186.86. † Partial.
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THE WEEK'S CHANGES

	% Change
Amsterdam	+3.7
Frankfurt	+2.8
Zurich	+2.4
Helsinki	+2.2
Stockholm	+1.3
Madrid	+1.1
Paris	+1.1
Milan	-1.5

SOUTH AFRICA

Shares in Jobannesburg failed to follow np on Thursday's strong gains and the all-share index finished off 20.8 at 7,020.7. Golds added 4.7 to 1,395.1 with Freegold gaining 50 cents to R36, but dealers said the general trend was for a broad correction. The industrial index dipped 27.5 to 8,305.3.

Tokyo revives on telecoms initiative

ASIA PACIFIC

President Bill Clinton's request to the Japanese prime minister, Mr Ryutaro Hashimoto, to relax rules on foreign ownership of Japan's telephona operators revived TOKYO, which bad been flagging after three days of gains, *writes Jonathan Annells.*

The Nikkei 225 average rose 33.94 to 18,722.00 after moving between 18,608.50 and 18,880.61. The afternoon rebound took in telecommunications issues, large capital steel stocks and companies whose earnings outlook was improved by the weakness of the yen.

The communications sector peaked 4 per cent higher, following press reports of President Clinton's personal letter to Mr Hashimoto calling for tha abolition, or relaxation, of the regulation restricting the combined foraign ownership of Nippon Telegraph and Telephone (NTT) and its international counterpart, Kokusai Denshin Denwa (KDD), to less than 20 per cent.

Volume increased to an estimated 583m shares from 548m, bolstered by the settlement of February futures and options. Declines led advances by 565 to 519 with 166 unchanged. The Topix index of all first section stocks gained 7.09 to 1,389.88, and the capital-weighted Nikkei 300 by 1.79 to 267.30.

In London, the ISE/Nikkei 50 index rose 3.24 to 1,453.11.

Telecoms stocks rose in spite of a swift rejection of Mr Clinton's request by the posts and telecommunications ministry. NTT ended Y13,000 higher at Y885,000; KDD gained Y110 to Y7,520.

Low-priced, large-cap steel companies advanced on rotational buying by dealers. Nippon Steel ended Y23 higher at Y332, Kawasaki Steel Y19 at Y333, and NKK Y8 at Y259.

Seven-Eleven Japan jumped Y120 to Y7,710 on its bright earnings outlook. Sony's advance slowed to Y10 at Y9,080, while TDK lost Y180 on profit-taking to end at Y8,320.

Contractors were among the main losers, on bad loan concerns. Obayashi fell Y24 to Y686 and Shimizu Y30 to Y763.

In Osaka, the OSE average added 42.89 to 19,457.16 in volume of 94.1m shares.

BANGKOK ended five straight days of decline as bargain bunters moved in aggressively towards the close of trading. Down more than 4.5 per cent at ona stage during tha day, the SET index swung back to close 15.42 or 2.2 per cent higher at 713.48.

Early weakness followed reports that Moody's bad Thailand's long-term credit rating on downgrada watch. But the government support fund stepped into the market after luncb and tbis prompted a wave of bargain hunting. Siam Commercial Bank, off Bt2 at Bt137, was tbe most active stock. Finance One rose Bt0.75 to Bt27.50 and TelecomAsia put on Bt2 to Bt46.

HONG KONG ran up its beaviest weekly loss since last March as the Hang Seng index closed 126.69 lower at 13,113.26. Swire Pacific fell HK$2.25 to HK$65.25 and Wheelock came off 70 cents to HK$19.90.

KUALA LUMPUR succumbed to modest profit-taking after two days of post-festival rally. The composite index closed off 12.19 or almost 1 per cent at 1,246.91. But tbere was continued good demand for second liners. The Second Board index put on 9.64 to 627.82.

SYDNEY closed lower as investors took profits in response to recent sbarp gains. The All Ordinaries index closed down 13.8 at 2,482.6.

THE WEEK'S CHANGES

	% Change
Tokyo	+4.8
Sydney	+1.4
Kuala Lumpur	+0.04
Hong Kong	-4.0
Bangkok	-5.0

Peace process lures investors to Tel Aviv

Judy Dempsey on a positive outlook for Israel

These are heady days for the Tel Aviv stock exchange. Since the beginning of the year, turnover has risen staadily, reaching Shk259m on February 3, one of the highest levels in three years.

That is a sharp contrast to the paltry volumes last October wben turnover dipped to 5hk41m, the lowest in five years.

The Misbtanim index of the 100 leading shares has been soaring as well. By the start of last week, it had risen 25.9 per cent to 265.63 since the start of the year, a level not seen since August 1994.

Earnings are forecast to rise 21.3 per cent this year compared with estimates of 2.3 per cent in 1996, and analysts are forecasting a prospective p/e of 16 for 1997.

Against this background, traders are asking if the market ls finally emerging from the doldrums after the 1994 crash.

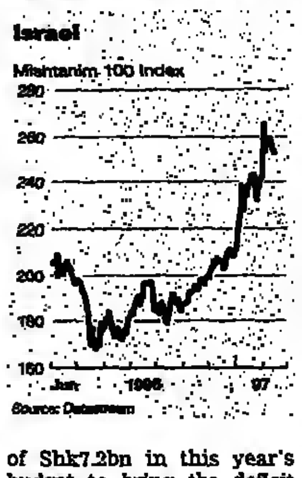
A setback, however, is already under way. On Thursday, the last trading day of the week, the Mishtanim closed down at 252.69 after days of volatile trading. Traders had been expecting some correction, because buyers bad spent tha past month profit-taking on stocks which, arguably, are still underpriced. "When you look at the prices, the nominal value is at an all-tima high but in real terms they are still 30 per cent lower than in 1994," says Ms Daniella Finn at Batucha Securities.

The correction, bowever, has not dented the consensus that the market continues to face sustained growth. One of the reasons, apart from the availability of underpriced stocks, is the impact of the peace process.

The Israeli troop withdrawal from the West Bank city of Hebron last month, followed by continuing talks between Israelis and Palestinians, bave reassured investors.

Indeed, traders say that foreign institutional investors are returning, snapping up retailing stocks such as Supersol and Blue Square which are both expecting about a 14 per cent rise in revenues this year; buying Koor, the solid industrial conglomerate which continues to seek intarnational partners; and targetlng chemicals.

The combination of what seems to be a successful fiscal and monetary policy is also helping. Now that the government of Mr Benjamin Netanyahu, the prime minister, has pushed through cuts



Source: Datastream

of Shk7.2bn in this year's budget to bring the deficit down to 2.8 per cent of gross domestic prodnct, traders reckon that the Bank of Israel, or central bank, should respond with a substantial cut in the key lending rate, currently 14.2 per cent.

However, last month's unexpectedly higb budget deficit of 5hk1.3bn may delay such a move, even although the finance ministry is hoping that the January deficit figures are a blip and will still allow the government to meet the 1997 budget deficit target of Shk9.7bn.

Meanwhile, the Bank of Israel remains as determined as ever to maintain lts tough monetary policy in order to keep the 10.1 per cent inflation rate under control. It will not be rushed into making large rate cuts.

Still, the trend continues to point to a lowering of interest rates. "Further interest rate cuts will persuade savers to mova out of short-term deposits and back into funds," says Mr Keitb Phillips, Israel analyst at 5ociété Générale.

Indeed, last mooth, for the firat time in three years, mutual funds posted a net inflow, totalling Sbk141m across 310 funds. Analysts say that this was the first bint that the Israeli public was re-entering the market. Local investors, bowever, are notoriously cautious.

Israelia redeemed more than Shk12.2bn from provident funds last year, shifting instead to short-term savings deposits because of the attraction of the high interest rates. The trend finally broke last December when a net inflow into the provident funds was recorded. As with the budget deficlt for January, analysts are hoping last month's net redemptions of Shk266m from the provident funds will be a blip, and local investors will continue their steady but slow return to the market.

The market itself is set to offer more stock in coming months as the government's privatisation plans appear to be back firmly on the agenda. Tbe government said recently that it had buyers for stakes held by Bank Hapoalim, the largest bank, in Koor and Clal, the two industrial conglomerates.

It added that it would release further stock in Israel Chemicals, the chemicals and fertilisers group, through a direct sale to the Eisenberg group or directly into the stock market.

The government is also pressing ahead with reducing its own stakes in the country's three largest banks through direct sales or public offerings. "All in all, this year will be very interesting for the capital markets," said Mr Ron Lubash, managing director at Lehman Brothers. "Foreign and local investors are returning."

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Apr	Jul	Oct	Puts Apr	Jul	Oct
ASDA	110	8½	11	12½	2½	4½	7
(*114)	120	4	8	7½	7½	8½	11½
Abbey Natl	750	44½	60½	74	19½	30½	40½
(*783½)	800	17½	36	46½	47	57	66
Allied Domecq	420	25	33	38½	11	20½	25
(*430)	460	7½	16	21½	34½	44½	48½
Argyll	360	18	26½	31	12	22	25½
(*362½)	390	6½	13	19	30	41	43½
BAA	500	44	54½	58½	3½	11	14½
(*535)	550	13½	24½	30½	23	32½	36½
BAT Inds	500	33	42	52	22	30	41
(*520½)	550	19	22½	26½	53½	59½	70½
Barclays	1150	78	104½	118½	19½	34½	46½
(*1217)	1200	44	76½	91	39½	57	70½
Bass	850	24	50	58	23½	38½	42½
(*851½)	900	13½	28	40½	54½	67½	70½
Boots	700	25	38½	45½	17½	30½	37½
(*701½)	750	6½	17	24½	50½	52	57½
Brit Airways	600	30	42	61	13½	29	31½
(*610½)	650	9	20	29	43	55½	60
BP	650	50	61	67	13	22	25½
(*687½)	700	22½	35	42	34	45	49½
British Steel	140	7	10½	11½	6	11½	13
(*140½)	160	1	4	5	20	26½	27½
Cable & Wire	500	26½	48	58½	12½	22	28
(*520½)	550	12½	34	33	37	48½	54½
Comm Union	700	41	57½	69	23	36½	50½
(*726½)	750	18½	38	46½	52½	64½	76½
Glaxo	1000	67	85	98½	21	34½	46½
(*1050)	1050	36	57½	71½	43½	58	65½
HSBC 75p	1500	78	120½	146	46½	73½	95½
(*1549)	1600	32	75	100	95	129	150½
ICI	750	21	36½	44½	28½	37½	47
(*756)	800	6½	18	25½	67½	72½	79
Land Secur	750	49	59	64½	5	18	22
(*785½)	800	18	28	37	24	42½	46½
Marks & S	460	36½	42½	50	5½	10½	13½
(*487½)	500	13	19	29½	21½	29½	33½
Natl Power	500	24	36	38	18	31½	36½
(*503½)	550	7½	16½	18	49½	65	69
NatWest	600	41	61	73	24½	37½	52
(*629)	650	17½	38½	50½	53½	65½	79½
Reuters	600	37	65½	73½	13½	27½	26
(*638)	650	22½	39	47½	35½	45½	48½
Royal Insce	500	19	30	28½	25½	33	30
(*501½)	550	4½	13	20½	63½	67½	71
Sainsbury	300	25	30	34	6	12	14
(*316)	330	8	15	19½	16½	28	30½
Shell Trans	1050	55½	68½	77	26½	38	46½
(*1080)	1100	29	38½	62½	54½	62	73½
Smith Bchm	850	63½	83	102	18	26½	36½
(*895½)	900	35	55	75	39½	50½	59
Std Chartd	800	37½	61	74½	36	50	60
(*804)	850	18½	38½	53	66½	78½	85½
Thames Wtr	650	35	49½	61	17½	36½	39
(*654)	700	12½	28	28	42½	65	68
Vodafone	280	19½	27	34½	10	17	21
(*286½)	300	10½	17½	25	20½	27½	31½
Zeneca	1700	128½	168½	187	36	54	72
(*1797)	1800	78	113½	143	77	99	117
Option		Feb	May	Aug	Feb	May	Aug
BTR	240	5	18	18½	2½	13	17½
(*241)	260	–	8	11	19	27	30
Blue Circle	390	14	27	32	1	16	18
(*403)	420	½	12	18	17½	33	34½
Brit Aero	1200	48	83½	118½	½	26½	37½
(*1247)	1250	12	58	80½	12½	48	60
Brit Telecom	420	15½	30	38	1	9½	20½
(*435)	460	–	10½	18½	25	30½	45
Cadbury Sch	460	28	34	41½	½	10	13½
(*487½)	500	3	14½	21½	14	31	34
GEC	360	23	34	38	–	5½	11½
(*382½)	390	1	16	21½	8½	17½	26

Option		Calls Feb	May	Aug	Puts Feb	May	Aug
Grand Met	420	35½	47	51	–	5	10
(*455)	460	3	21	28½	7	19	26
Guinness	420	19½	29	36½	½	12	18½
(*439)	460	–	5½	17	21½	36	41
Impl Tobacco	420	9	29½	37½	3½	19½	27
(*424½)	460	–	12½	20	35½	42	51
Kingfisher	650	21½	40½	51½	1½	22½	30
(*670)	700	½	16	28½	30½	50½	57½
Lasmo	220	16	24	31½	–	7	8½
(*235½)	240	2½	14	21	6	14½	16½
Ladbroke	220	15	19½	25	–	5½	8
(*235)	240	2½	8½	14½	6	15	17½
LucasVty	200	9	15	19	2	10½	14
(*203)	220	–	6½	10½	17	21½	25½
P & O	650	16½	35	46	2½	26½	36
(*663)	700	½	14	25	37	61½	66½
Pilkington	130	5	11	14½	½	4	7
(*134½)	140	½	8	9½	6	9	12½
Prudential	550	26½	40½	52½	1	17	25
(*575½)	600	1	17	28	25½	45	52
RTZ	900	11	32	40½	6½	38½	44½
(*901½)	950	½	14	29	48½	73½	77½
Redland	330	22	34½	39	–	12½	16½
(*351½)	360	2½	18	24	10	28½	32½
Rolls-Royce	220	5	17½	24	2	12	17
(*223½)	240	–	9	15½	18½	23½	28½
Tesco	330	14	25	30	2½	11½	15½
(*343)	360	½	10	18½	19	28½	32
Utd Biscuits	220	12½	19	23½	1	8½	12
(*232)	240	1	9½	14½	8	20	23
Option		Feb	–	–	Feb	–	–
Hanson	119	16	–	–	–	–	–
(*135)	136	1½	–	–	2½	–	–
Option		Mar	Jun	–	Mar	Jun	–
British Gas	240	13½	21½	–	5	13½	–
(*248½)	260	4½	12	–	16½	25	–
Option		Mar	Jun	Sep	Mar	Jun	Sep
BSkyB	650	26½	50	67½	20	38	50½
(*656½)	700	11	30½	45	52	67	78
Dixons	500	26½	45½	53	8	18½	30
(*517½)	550	6½	21½	30	35	44½	53½
EMI	1150	66½	105	125	11	39½	46½
(*1199)	1200	36½	77½	98	38	51½	66
Granada	900	31	64½	71	11½	21½	31
(*915½)	950	9	28½	46½	30	48	56
Hillsdown	180	8½	12	13½	2½	9	10
(*185)	200	1	3½	8	15½	22½	23½
LloydsTSB	500	14	30	40½	17	26½	35
(*503½)	550	2	12½	21½	57½	61	67
Lonrho	130	5	10	12	4½	7½	9½
(*131)	140	1½	5½	7½	11	13½	15½
Orange	200	21	28	34	2½	6½	8½
(*218)	220	8	16½	23	9½	13½	17
Railtrack	360	31	48	55½	6½	15½	24½
(*383)	390	14½	31	40	18½	29	40
Scot Power	353	11½	–	–	7	–	–
(*356½)	360	8	20	29	10	18	25
Tarmac	90	8	18	12½	1	4½	4½
(*96)	100	3	5½	9	5½	10	10
Tomkins	280	19	27	31½	2½	7½	14
(*294)	300	6½	18	20½	10	16½	23
Unilever	1450	98	118½	131	4	32	28
(*1535)	1500	66	74½	98½	13½	37	43½

* Underlying security price. Premiums shown are based on settlement prices.
February 14 Total contracts, Equity and Index options: 47,570 Calls: 34,446 Puts: 23,124

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	41	10	11	145	122	43
Other Fixed Interest	8	0	4	13	2	35
Mineral Extraction	97	31	50	253	285	352
General Manufacturers	145	114	342	662	668	1,678
Consumer Goods	87	35	105	305	181	547
Services	126	99	231	548	482	1,251
Utilities	11	12	13	52	63	65
Financials	132	48	166	464	338	928
Investment Trusts	187	40	309	1,021	252	1,457
Others	68	12	51	183	164	333
Totals	890	401	1,282	3,646	2,557	6,689

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	Feb 10	Expiry	May 2
Last Dealings	Feb 21	Settlement	May 15

Calls: Biotrace, Copyright, Emerald Energy, French Connection, ML Labs, Reflex, Smith & Nephew, Stanford Rook, Tepnel Life, Tuskar Res, Wedderburn. Puts: GB Railways, Irish Life.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996/97 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§	F.P.	26.4	57½	49½	BZW Endwmt Red	55½		–	–	–	–
§	F.P.	8.97	180	128½	†C&B Publishing	175		–	–	–	–
§	F.P.	3.25	3½	3	†Celldore Group	3¼		–	–	–	–
§	F.P.	1.80	1	½	†Do Warrants	1		–	–	–	–
	F.P.	14.2	55	55	†Epicore Nwork	55		–	–	–	–
§100	F.P.	15.6	288	171	†GB Railways	178½	+1	–	–	–	–
§145	F.P.	12.3	175	150	†Hardy Underwrtg	167		–	–	–	–
§	F.P.	5.53	4	3¼	†John Lewis	4		–	–	–	21.4
§100	F.P.	24.7	123½	97½	Prelude Tst	118½		–	–	–	–
§*	F.P.	1.77	51	22½	Do Warrants	42½		–	–	–	–
*	F.P.	14.0	140	125	†Sutton Harbour	140	+1½	Z1.2	1.8	1.1	20.0
§100	F.P.	6.48	105	99	Tea Plantations	103½		–	–	–	–
§	F.P.	0.38	30½	24½	Do Warrants	30½		–	–	–	–
§	F.P.	5.84	24½	24½	†Zicor Mining	24½		–	–	–	–

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1996/97 High	Low	Stock	Closing price p	+or-
320	Nil	26/2	65pm	50pm	Finalist Group	50pm	-½
190	Nil	18/2	14pm	6½pm	Gt Portland	13½pm	+1½

pm premium.

FT 30 INDEX

	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Yr ago	*High	*Low
FT 30	2858.2	2837.8	2827.8	2839.5	2839.9	2748.9	2885.2	2668.6
Ord. div. yield	3.97	4.08	4.07	4.07	4.08	3.83	4.22	3.76
P/E ratio net	17.52	17.53	17.47	17.51	17.47	17.18	17.55	15.80
P/E ratio nil	17.31	17.36	17.31	17.34	17.30	16.94	17.36	15.71

FT 30 since compilation: high 2885.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2844.5	2852.8	2851.6	2850.7	2854.5	2857.8	2860.1	2856.8	2857.0	2862.0	2844.5

	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Yr ago
SEAQ bargains	48,855	48,111	47,304	48,221	52,854	36,028
Equity turnover (£m)†	–	779.7	747.8	759.6	843.6	1654.1
Equity bargains†	–	13,244	14,000	15,187	17,620	41,476
Shares traded (ml)†	–	236.2	303.2	305.8	525.3	795.9

†Excluding intra-market and overseas turnover.

	Feb 14	Feb 13	Feb 12	Feb 11	Feb 10	Yr ago	*High	*Low
FTSE AIM	1137.5	1128.7	1130.3	1128.4	1133.6	1038.5	1140.4	965.7

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the Indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY FEBRUARY 13 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY FEBRUARY 12 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	221.28	2.5	202.26	174.37	194.06	191.73	1.0	3.97	215.81	195.88	168.95	188.85	189.80	224.61	188.44	198.50
Austria (24)	182.85	0.0	167.12	144.08	160.37	160.30	0.2	1.82	182.84	165.95	143.13	159.99	159.91	195.04	174.70	184.67
Belgium (26)	229.69	0.4	209.94	180.99	201.46	197.23	0.6	3.27	228.83	207.69	178.14	200.24	196.01	238.47	203.64	209.68
Brazil (28)	235.86	1.1	215.39	185.70	206.69	454.85	1.2	1.34	233.15	211.62	182.52	204.02	449.39	235.86	147.48	159.00
Canada (114)	203.24	1.3	185.77	160.15	178.26	199.06	1.1	1.85	200.62	182.09	157.05	175.55	196.94	203.24	153.61	157.87
Denmark (32)	367.22	0.6	335.64	289.36	322.09	321.08	0.9	1.37	364.99	331.28	285.73	319.39	318.22	369.13	291.30	303.60
Finland (28)	261.31	-0.1	238.84	205.91	229.19	273.51	0.7	1.82	261.56	237.40	204.76	228.88	271.58	262.79	174.47	183.18
France (92)	220.94	0.8	201.94	174.10	193.78	167.42	0.9	2.48	219.25	199.00	171.64	191.86	165.59	222.08	183.63	184.67
Germany (59)	194.13	0.1	177.44	152.97	170.27	170.27	0.3	1.48	193.95	176.04	151.83	169.72	169.72	194.91	164.47	170.02
Hong Kong (59)	486.00	-1.8	444.21	382.96	426.27	483.50	-1.8	3.21	494.67	449.18	387.40	433.05	492.14	514.49	402.53	438.09
Indonesia (27)	251.33	0.5	229.72	198.04	220.44	366.91	0.6	1.45	250.05	226.95	195.75	218.81	364.82	–	–	–
Ireland (16)	337.18	0.4	308.19	265.70	295.75	300.60	0.8	3.13	335.80	304.78	262.88	293.85	298.32	339.84	254.35	258.01
Italy (58)	92.72	0.2	84.75	73.06	81.32	114.96	0.6	1.63	92.55	84.00	72.45	80.98	114.05	96.32	70.61	79.21
Japan (480)	113.09	0.5	103.36	89.11	99.19	89.11	1.2	0.88	112.49	102.10	88.06	98.44	88.06	164.68	109.16	151.80
Malaysia (107)	650.25	0.2	594.33	512.39	570.33	622.40	0.9	1.00	644.38	584.86	504.45	563.88	617.08	650.25	512.47	513.82
Mexico (27)	1379.06	-0.8	1260.48	1086.69	1209.57	11751.01	-0.8	0.94	1389.46	1261.13	1087.73	1215.88	11841.91	1389.46	1046.55	1121.26
Netherland (19)	340.59	1.3	311.30	268.38	298.73	294.18	1.5	2.51	336.14	305.09	263.14	294.14	289.85	340.69	274.35	280.70
New Zealand (14)	89.94	2.0	82.21	70.87	78.89	68.67	0.6	4.06	88.21	80.06	69.05	77.19	68.24	95.60	75.84	79.42
Norway (41)	311.10	0.2	284.35	245.14	272.87	281.35	1.0	1.88	310.38	281.71	242.97	271.60	278.60	318.57	232.23	232.23
Philippines (22)	208.68	0.6	190.74	164.44	183.04	274.01	0.6	0.63	207.50	188.34	162.44	181.58	272.43	–	–	–
Singapore (43)	444.38	0.9	406.17	350.17	389.77	290.53	1.0	0.85	440.43	399.75	344.79	385.41	287.58	460.80	371.28	449.57
South Africa (44)	360.74	1.0	329.72	284.26	318.40	347.99	1.3	2.35	357.02	324.04	279.49	312.42	343.68	422.74	301.49	418.37
Spain (35)	214.38	0.3	195.95	168.93	188.03	232.07	0.5	2.70	213.77	194.02	167.34	187.06	230.96	228.16	181.86	186.80
Sweden (50)	430.10	0.8	393.12	338.92	377.24	471.72	0.4	1.90	426.80	387.38	334.12	373.48	469.65	432.49	312.42	316.24
Switzerland (35)	249.04	-0.6	227.63	196.24	218.43	224.29	-0.1	1.30	250.51	227.37	196.11	219.22	224.51	254.34	223.84	223.84
Thailand (45)	75.46	-4.0	68.97	59.46	66.19	76.22	-3.9	4.49	78.65	71.38	61.57	68.82	79.30	169.40	75.46	196.51
United Kingdom (210)	280.85	-0.2	256.70	221.31	246.34	256.70	0.5	3.71	281.50	255.50	220.37	246.33	255.50	283.17	224.39	231.65
USA (654)	329.89	1.1	301.52	259.95	289.35	329.89	1.1	1.81	326.30	296.16	255.44	285.53	326.30	329.89	254.79	288.59
Americas (823)	302.03	1.1	276.06	238.00	264.91	253.89	1.1	1.80	298.76	271.17	233.88	261.44	251.26	302.03	233.09	245.06
Europe (725)	243.41	0.1	222.48	191.81	213.50	223.79	0.6	2.62	243.05	220.60	190.27	212.69	222.63	244.53	201.66	203.38
Nordic (151)	374.74	0.6	342.52	295.29	328.68	355.95	0.5	1.56	372.64	338.23	291.72	326.09	353.79	376.43	278.30	279.81
Pacific Basin (873)	134.94	0.5	123.33	106.33	118.35	104.95	0.8	1.36	134.33	121.92	105.18	117.55	104.10	177.01	131.50	164.92
Euro-Pacific (1598)	180.13	0.3	164.64	141.94	158.00	149.84	0.7	2.08	179.63	163.04	140.62	157.19	148.83	191.51	176.40	180.84
North America (768)	322.23	1.1	294.52	253.92	282.63	321.25	1.1	1.81	318.69	289.26	249.48	278.88	317.75	322.23	248.85	261.75
Europe Ex. UK (515)	217.97	0.4	199.23	171.76	191.18	201.39	0.6	2.00	217.17	197.11	170.01	190.04	200.12	219.12	181.80	183.48
Pacific Ex. Japan (393)	315.97	0.3	288.80	248.98	277.13	274.93	-0.1	2.69	315.13	286.02	246.70	275.76	275.30	320.66	268.57	286.36
World Ex. US (1811)	184.21	0.3	168.37	145.16	161.57	156.08	0.7	2.06	183.59	166.63	143.72	160.65	155.00	189.47	177.71	182.64
World Ex. UK (2255)	225.97	0.8	206.54	178.06	198.20	200.95	0.9	1.75	224.15	203.45	175.48	196.16	199.06	225.97	199.58	207.04
World Ex. Japan (1985)	290.54	0.7	265.56	228.95	254.84	279.77	0.8	2.13	288.43	261.79	225.79	252.39	277.44	290.54	233.10	240.98
The World Index (2485)	230.67	0.7	210.84	181.77	202.32	206.08	0.9	1.94	229.09	207.91	179.32	200.45	204.26	230.67	202.32	209.26

 Name change: Puget Sound Power & Light Co. to Puget Sound Energy Inc. (USA). Latest prices were unavailable for this edition.
CONSTITUENT CHANGES WITH EFFECT 14/02/97: Delete: Roussel Uclaf (France).

FT GOLD MINES INDEX

	Feb 13	% chg on day	Feb 12	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (33)	1752.86	+1.8	1722.47	2338.37	1.92	–	2405.83	1674.61
■ Regional Indices								
Africa (14)	2070.81	+3.0	2009.70	3165.89	4.38	30.55	3325.57	1918.45
Australasia (7)	2043.61	+3.8	1968.33	2587.38	2.47	22.20	2861.03	1941.72
North America (12)	1627.32	+0.8	1613.78	2052.22	0.80	60.54	2134.81	1550.58

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

TRADEPOINT INVESTMENT EXCHANGE

Daily turnover for 14/02/1997

Volume: 715,000 Value: £2,335,300

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is now delivered by Extel, part of Financial Times Information.

Details relate to those securities not included in the FT Share Information Services.

The prices are those at which the business was done in the 24 hours up to 5.15pm on Thursday, they are not in order of execution but in ascending order which denotes the day's highest and lowest trades.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

The size of individual deals are rounded to the nearest thousand and represented within parentheses, where available.

Bargains at special prices. * Bargains done the previous day.

British Funds, etc

Treasury 8½% Ln 2000 - £104 ⅜ (11Fe97)
Conversion 9¾% Stk 2001 - £110⅝ 1⅛
Exchequer 12% Stk 99/2002 - £109½ (07Fe97)
Exchequer 9% Stk 2002 - £109⅝ 9 (06Fe97)
Conversion 9¾% Ln 2003 - £113 ¼ (06Fe97)
Treasury 13¾% Stk 2000/03 - £120¾ 1¼
Treasury 13¾% Stk 2004/08 - £135⅛ ½ (12Fe97)
Exchequer 12% Stk 2013/17 - £143¾ 4

[illegible]

Andrews Sykes Group PLC Cnv Cum Prf 50p - 111½ (12Fe97) 4 (12Fe97)
Anglian Water PLC Wts to Sub for Ord - 142 3.93 4 (12Fe97)
Anglo United PLC Wts to Sub for Ord - ¾ (10Fe97)
Arcolectric (Hldgs) PLC Ord 5p - 00 (06Fe97)
Ashbourne PLC Ord 10p - 176 (2)
Associated British Engineering PLC 8% Cum Red Prf £1 - 67 (07Fe97)
Austin Reed Group PLC 8% Cum Prf £1 - 94 (10Fe97)

[illegible]

Allied Domecq PLC 5½% Cum Prf £1 - 67 (06Fe97)
Allied Domecq PLC 7½% Cum Prf £1 - 69 (12Fe97)
Allied Domecq PLC 9¼% Deb Stk 2019 - 120½ (11Fe97)
Allied Domecq PLC 11¾% Deb Stk 2009 - 133 (11Fe97) 3 (12Fe97)
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 84½ (12Fe97)

Britannia Building Society 13% Perm Int Bearing Shs £1000 - 1.49 149 (12Fe97) 9 (12Fe97) ¼ (12Fe97) ¼ (12Fe97) ¾ (12Fe97)
British Airways PLC ADR (10:1) - 96.49679 (1) .74676667 (0) * 7 (0)
British Gas PLC ADR (10:1) - 38.65 (9) .875 (11Fe97) .875 (11Fe97) 9 (11Fe97)
British Land Co PLC 11⅜% 1st Mtg Deb Stk 2019/24 - 133½ (11Fe97)

Croda International PLC 6.6% Cum Prf £1 - 91 (10Fe97)
Daily Mail & General Trust PLC Ord 50p - 1655 60 (11Fe97)
Dalgety PLC 4.85% Cum Prf £1 - 74 (10Fe97)
Debenhams PLC 7½% Uns Ln Stk 2002/07 - 99¾ (11Fe97)
Dee Valley Group PLC Non Vtg Ord 5p - 370 (12Fe97)
Delta PLC 3.15% Cum 2nd Prf £1 - 52 (07Fe97)

Hardys & Hansons PLC Ord 5p - 290 2 (11Fe97)
Hartstone Group PLC 8% (Net) Cum Cnv Red Prf £1 - 120 (12Fe97) 20 (12Fe97) 2 (12Fe97)

Newcastle Building Society 12⅝% Perm Int Bearing Shs £1000 - 148 (11Fe97)
NFC PLC 7¾% Cnv Bds 2007 £1000 (Rg) - 96½ (12Fe97) ½ (12Fe97) ½ (12Fe97) .7 7 (12Fe97)
Northern Counties Housing Assoc Ltd 9⅜% Gtd Sec Stk 2025 - 115.221 (12Fe97) .271 (12Fe97) ⅝ (12Fe97)

Shell Transport & Trading Co PLC Ord 25p (Br) - 1068 (10Fe97)
Shell Transport & Trading Co PLC ADR (6:1) - 104.246525 (9) *6.55 (10) .625 (5) .75 (20)
Shoprite Group PLC Ord 5p - 33 (1, 30, 4, 3, 75, 28) ½ (1) 4 (1, 9, 25, 100, 20, 5, 4, 5, 2, 5, 1)
Skipton Building Society 12⅝% Perm Int Bearing Shs £1000 Rg - 150 (12Fe97) 50 (12Fe97) 50 (12Fe97) ¼ (12Fe97)

Willis Corroon Group PLC ADR (5:1) - 10.99963933 1
Wintrust PLC 5.75% Cnv Cum Prf £1 - 115 ½ (10Fe97)
Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prd £1 - 230 (11Fe97)
Yule Catto & Co PLC 11¼% Cum Red Prf 98/2003 £1 - 107 (06Fe97)

Scottish Pride Holdings PLC Ord 10p - 41¾ (12Fe97)
Southern Vectis PLC Ord 10p - 64 (11Fe97)
Sutton Harbour Holdings PLC Ord 25p - 135 (07Fe97)
Wedderburn Securities PLC Ord 5p - 18½ (12Fe97)

FTSE ACTUARIES SHARE INDICES

The FTSE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries.

For further information on FTSE Actuaries Share Indices, please contact: FTSE International Limited, St Alphage House, Podium Floor,2 Fore Street, London, EC2Y 5OA. Telephone: + 44 (0) 171 448 1810. Facsimile: + 44 (0) 171 448 1834. EMail: info@ftse.com

Dow at 7,000 and takeover news lifts shares

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

Wall Street's surge through the 7,000 mark on the Dow Jones Industrial Average on Thursday and a £1bn-plus bid provided the perfect background for London's equity market yesterday.

And although the Dow was looking uncertain at the start of US trading yesterday, London held on to most of its gains.

The FTSE 100 closed the day up 13.9 at a new closing record of 4,341.0, and the SmallCap maintained its consistent upward trend, finishing the session 3.8 firmer at a closing peak of 2,338.9. *The FTSE 250* picked up strongly late in the session, eventually closing 19.3 ahead at 4,606.0. It remained, however, 10 points away from its best-ever close of *4,616.0, reached on January 23.*

Market strategists, although wary of the ever-increasing possibility of a short-term setback on Wall Street, were relatively sanguine about London.

They pointed out that the UK *equity market* was supported by its underperformance against Wall Street, and also by recent evidence that economic growth had shown signs of slowing.

"More to the point," said one leading strategist, "European markets have outpaced London by 20 per cent." He also noted that the big institutions had become too bearish on the outlook for *UK interest rates: "The* market is effectively discounting UK interest rates of around 7 per cent," he said.

Marketmakers put forward a similar view and *emphasised* that lines of stock from funds, keen to *book profits* after the recent surge, were being snapped up.

"Funds that have been over-cautious recently are having to chase any stock that comes on the market and that is making life ever-more difficult for *marketmakers who are* constantly having to bid up for stock," said one senior trader.

The trading session began on a curiously subdued note, with London traders unwilling to lift *prices too much* at the *outset,* amid fears that Wall Street's latest burst of strength might not be sustainable.

But the agreed bid by Williams Holdings for Chubb Security, and excellent preliminary numbers from Lloyds TSB, the second biggest UK bank by market capitalisation, injected confidence.

Footsie built on the subsequent burst of enthusiastic buying and climbed to a new record *intra-day* level of 4,353.4 over lunch.

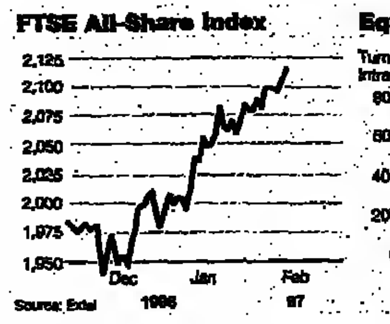
That move came as US markets absorbed a raft of US economic data including a surprise 0.3 per cent fall in producer prices.

The Williams bid for Chubb, seen by some as overpaying and *likely to attract an monopolies* reference, was not well received in the City, where the former's shares plummeted, reducing the bid price in the process and leaving *Chubb stock only marginally* up on the session.

But optimists maintained that more bids and mergers were in the pipeline and continued to target the financial sectors.

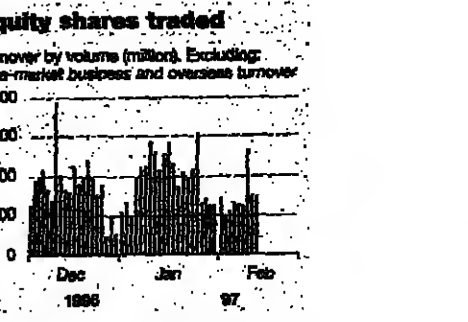
Turnover in equities et 6pm *was 925.1m* shares. Customer business on Thursday, excluding *Crest* deals, was valued at £779.7m.

FTSE All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FTSE 250	4606.0	+19.3
FTSE 350	2142.0	+7.3
FTSE All-Share	2114.12	+6.91
FTSE All-Share yield	3.50	3.51
FT 30	2858.2	+20.4
FTSE Non-Fins p/e	18.25	16.19
FTSE 100 Fut Mar	4334.0	+19.0
10 yr Gilt yield	7.14	7.15
Long gilt/equity yld ratio	2.08	2.07

FTSE 100 Index

Closing index for Feb 14	4341.0
Change over week	+33.2
Feb 13	4327.1
Feb 12	4304.3
Feb 11	4304.3
Feb 10	4307.7
High*	4353.4
Low*	4288.9

*Intra-day high and low for week

TRADING VOLUME IN MAJOR STOCKS

	Vol. 000s	Closing price	Day's change
3i†	988	527½	+1
ASDA Group†	10,200	114	-¾
Abbey National†	1,900	781½	-12
Airtours	217	981	+4½
Albert Fisher	5,700	43¼	+¼
Allied Domecq†	2,600	430	+4½
Anglian Water	649	628½	
Argos†	334	682½	+13½
Arjo Wiggins	1,100	153	-5
Assoc. Brit. Foods†	2,700	505	+6
Assoc. Brit. Ports	2,400	308½	-6
BAA†	4,800	535¼	-9½
BAT Inds.†	3,700	520	-3
BBA	135	325½	
BICC	181	289	
BOC†	1,800	948½	+11
BP†	23,100	687½	-7
BPB	4,900	341	+8½
BSkyB†	1,800	665½	-6
BT†	8,800	435½	-5½
BTR†	9,800	241	
Bank of Scotland†	2,700	349	-4
Barclays†	5,500	1216	+18¼
Bass†	855	851½	-2
Blue Circle†	2,300	403	+½
Booker	589	365	-5
Boots†	3,600	699	+5
Britannia	344	802½	+5
Brit. Aerospace†	2,200	1247½	+26½
British Airways†	3,900	610	+12½
British Biotech	2,900	243	+4
British Energy	1,700	144½	-2½
British Gas†	21,800	247½	+8
British Land	1,800	517½	-5½
British Steel†	5,200	140¼	-¼
Bunzl	815	204½	-½
Burmah Castrol†	855	1025	+2½
Burton†	8,700	152½	+3
Cable & Wire†	6,800	520½	+2
Cadbury Schweppes†	1,600	487½	+2
Caradon	176	285½	-½
Carlton Comms.†	3,800	558	-4½
Chubb	20,000	424½	+4½
Coats Viyella	2,500	133½	+1½
Comm. Union†	1,700	728½	+13
Compass	1,500	735	-1
Cookson	97	242½	+1
Courtaulds	725	385½	-1½
Dalgety	170	349	-½
De La Rue	719	813½	+17
Dixons†	4,200	518½	+19
EMAP	654	827½	+15
EMI†	1,800	1199	+24
Electrocomps	1,500	413	+1½
Eng China Clays	715	186½	-3½
Enterprise Oil†	587	637½	-1
FKI	3,200	184½	+1½
Foreign & Col. I.T.	795	157½	+½
Gen. Accident†	868	856½	-2
General Elect.†	3,100	382½	-½
Glaxo Wellcome†	4,800	1050	+25½
Glynwed	340	298	-5½
Granada†	2,600	915½	+11
Grand Met.†	8,700	456	+7
GUS†	1,700	635½	+12½
Greenalls	886	558	+7½
GRE†	2,000	298	-½
GKN†	1,200	940	-3
Guinness†	3,300	439	
HSBC (75p shs)†	2,300	1641½	+17
Hammerson	1,100	435	+9½
Hanson†	22,900	82½	+1½
Harrisons Crosfield	5,400	129	+½
Hays†	965	573½	-2½
Hillsdown	3,200	185½	+3½
Hyder	378	832½	-2½
IMI	456	364	-7
ICI†	1,700	758	+8½
Imperial Tobacco†	2,000	424½	+3
Inchcape	1,800	278½	+8
Johnson Matthey	166	545½	-13½
Kingfisher†	2,800	670	-1½
Kwik Save	625	314	+28
Ladbroke†	3,500	235	-2½
Land Securities†	430	786	+2
Laporte	94	658½	-2½

	Vol. 000s	Closing price	Day's change
Legal & General†	1,800	414½	+2½
Lloyds TSB†	18,800	503½	+1½
LASMO†	1,200	235½	+1
Lonrho	4,400	131	+2
LucasVarity†	4,300	203	+4½
MEPC	94	465½	
MFI	1,500	185½	-1
Marks & Spencer†	9,300	487½	+2½
Mercury Asset Mgmt	442	1324½	-2½
Morrison (Wm.)	1,800	146½	+1½
NFC	670	156½	+½
NatWest Bank†	3,700	829	
National Grid†	6,800	206	
National Power†	3,800	503½	-3
Next†	948	599	+15½
Northern Foods	1,700	221½	+7
Orange†	5,500	218	+2½
Pearson†	3,300	757½	+8
P & O†	1,100	663	-½
Pilkington	3,300	134½	+4½
PowerGen†	2,400	648	-5½
Premier Farnell	553	532½	-½
Provident Financial	366	545	+2½
Prudential†	4,900	575½	-6
REXAM	951	329½	+1
RMC†	839	940	-5
RTZ†	2,900	902	-7½
Racal	5,200	286	-6½
Railtrack†	2,900	383	-3
Rank Group†	6,400	411½	-6
Reckitt & Colman†	545	768	+10½
Redland†	2,700	350½	-1
Reed Intl.†	2,600	1091½	+1
Rentokil Initial†	4,800	484	-4½
Reuters†	14,500	690½	-7
Rolls Royce†	7,800	223½	+3½
Royal & Sun Alliance†	3,000	503	+4
Royal Bk Scotland†	8,800	623½	-6½
Safeway†	4,200	382½	+1
Sainsbury†	5,900	315	+1
Schroders†	147	1750	-5
Scottish & New.†	547	693½	-½
Scot. Hydro-Elect.	1,100	358½	+1
Scottish Power†	1,800	356½	-1
Sears	3,000	83	-½
Securicor	4,200	303½	-1
Sedgwick	4,200	128	+4
Severn Trent†	4,200	705	-3½
Shell Transport†	20,000	1081	-5
Siebe†	2,100	978	-2
Slough Ests	443	279	+½
Smith (W.H.)	91	438	-1
Smith & Nephew†	18,200	196	+8
SmKl Beecham†	4,800	884	+10½
Smiths Inds.†	1,700	774½	+13
Southern Elect	248	763½	+1
South West Water	382	677½	+1½
Stagecoach	288	724½	
Standard Chartd.†	812	804	+5
Storehouse	387	295½	-½
T&N	1,000	155	+2½
TI Group†	1,100	523½	+3
Tarmac	2,100	96	-1½
Tate & Lyle†	854	463	+5
Taylor Woodrow	1,300	184	+2½
TeleWest Comms	945	121½	+3½
Tesco†	5,200	343	-1½
Thames Water†	972	665½	-1½
Thorn	6,900	205	
Tomkins†	3,200	294	
Unigate	147	458½	
Unilever†	3,100	1537½	+45
United Biscuits	922	232	+3½
Utd. News & Media†	928	672	+1½
United Utilities†	3,200	673	-4½
Vodafone†	7,200	287	+8
WPP	1,600	252½	+8½
Wessex Water	250	382½	-1½
Whitbread†	746	808	-6
Williams Hldgs.†	23,000	300½	-37½
Willis Corroon	1,200	138	+5
Wimpey	31	135	-1½
Wolseley†	835	465½	-3½
Yorkshire Elect	182	837½	+1½
Yorkshire Water	350	746½	-4½
Zeneca†	1,200	1796½	+3

Based on trading volume for a selection of major securities dealt through the SEAQ system on Friday until 4.30pm. All trades are rounded. † Indicates an FTSE 100 Index constituent. Source: Extel, part of FT Information.

EQUITY FUTURES AND OPTIONS TRADING

The last session of the week brought another record close *for the lead futures contract* in a session inspired by Wall *Street's climb* over the 7,000 level, *writes Joel Kibazo.*

At the end of the session, the March futures contract on the FTSE 100 had settled at 4,332, up 16 on its previous close and at a *discount to cash of 8 points.*

Volume was 14,580 contracts, while some 504 lots were dealt in the June contract; it closed at 4,352.5

In traded options, active business in the index *options helped contribute to* overall volume of 47,923 contracts. Some 16,775 lots were dealt *in* the FTSE 100 option while the European-style contract saw business of 14,951 lots.

BP was the busiest stock option at 4,206 lots. It was *followed by BT at 2,194* contracts.

Other active stock options included Lloyds TSB and Glaxo Wellcome.

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4323.0	4332.0	+16.0	4355.0	4323.0	14580	58975
Jun	4360.5	4352.5	+16.5	4365.0	4360.5	504	5803
Sep		4378.0	+16.0			0	1901

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4610.0	4610.0	-15.0	4610.0	4610.0	10	6436

■ FTSE 100 INDEX OPTION (LIFFE) (*4341) £10 per full index point

	4150 C	4150 P	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P	4350 C	4350 P	4400 C	4400 P	4450 C	4450 P	4500 C	4500 P
Feb	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	178
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9	181
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	25½	195
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	48	209
Jun†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	65	219

Calls 10,945 Puts 5,385

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4175 C	4175 P	4225 C	4225 P	4275 C	4275 P	4325 C	4325 P	4375 C	4375 P	4425 C	4425 P	4475 C	4475 P	4525 C	4525 P
Feb	170	2½	121	3½	75½	7½	35	17	11½	43	2	83½	1	132	1	182
Mar	178	22	138½	32	101	44½	70½	64	44	87	25	117½	12½	155	5	197
Apr	197	40½	160	53	128½	69	96½	88½	70½	112½	56	140½	32½	173	20½	210
Jun			211½	85½			148	121			97½	168½			57	226
Sep†			285½	117½			204	153			149	194½			182½	244½

Calls 7,188 Puts 8,203 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

FTSE - LEADERS & LAGGARDS

Percentage changes since December 31 1996 based on Friday February 14 1997

Banks, Retail	+15.93	Investment Trusts	+6.76	Building Matls	+1.93
Life Assurance	+14.34	Household Goods	+6.56	Oil, Integrated	+1.86
Financials	+13.60	Oil Exploration & Prod	+6.38	Mineral Extraction	+1.61
Building & Construction	+12.66	Property	+5.85	Services	+1.33
Health Care	+12.14	FTSE 100	+5.40	Retailers, General	+1.31
Pharmaceuticals	+10.64	FTSE 350 Higher Yield	+5.05	Electronic & Elect Equip	+1.01
Gas Distribution	+10.33	FTSE All-Share	+4.99	Media	+0.67
Telecommunications	+10.09	FTSE 350	+4.81	Chemicals	-0.45
Insurance	+8.80	Leisure & Hotels	+4.75	Gen Industrials	-1.56
Support Services	+8.72	FTSE 350 Lower Yield	+4.56	Alcoholic Beverages	-2.51
FTSE Fledgling ex IT	+8.16	Transport	+4.27	Diversified Industrials	-3.52
FTSE Fledgling	+8.15	Breweries, Pubs & Rest	+4.01	Extractive Industries	-3.84
Utilities	+8.03	Food Producers	+3.94	Paper, Pckg & Printing	-3.87
Tobacco	+7.94	Electricity	+3.65	Engineering	-5.06
FTSE SmallCap	+7.14	Non-Financials	+2.83	Distributors	-5.65
FTSE SmallCap ex IT	+7.07	Textiles & Apparel	+2.60	Engineering, Vehicles	-6.65
Consumer Goods	+6.96	FTSE 250	+2.57	Retailers, Food	-9.06
Water	+6.81	FTSE 250 ex IT	+2.26		

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Feb 14	Day's chge%	Feb 13	Feb 12	Feb 11	Year ago	Div. yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1996/97 High		1996/97 Low		Since Compilation High		Since Compilation Low	
FTSE 100	4341.0	+0.3	4327.1	4304.3	4304.3	3770.9	3.61	2.13	16.25	5.06	1818.25	4341.0	14/2/97	3632.3	16/7/96	4341.0	14/2/97	986.9	23/7/84
FTSE 250	4606.0	+0.4	4586.7	4574.5	4586.6	4199.9	3.35	1.51	24.67	7.94	1891.23	4616.0	23/1/97	4015.3	11/1/96	4616.0	23/1/97	1379.4	21/1/86
FTSE 250 ex IT	4643.1	+0.4	4623.2	4612.4	4626.6	4212.6	3.44	1.54	23.66	8.11	1911.14	4664.4	23/1/97	4024.4	11/1/96	4664.4	23/1/97	1378.3	21/1/86
FTSE 350	2142.0	+0.3	2134.7	2124.7	2125.8	1879.7	3.55	2.01	17.48	2.74	1893.27	2142.0	14/2/97	1816.8	11/1/96	2142.0	14/2/97	684.5	14/1/86
FTSE 350 Higher Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.67	14.50	3.03	1487.67	2858.8	14/2/97	1764.5	16/7/96	2858.8	14/2/97	1000.0	14/12/94
FTSE 350 Lower Yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE SmallCap ex IT	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE All-Share	2114.12	+0.3	2107.21	2097.69	2098.52	1854.25	3.50	1.99	17.94	2.79	1836.89	2114.12	14/2/97	1791.95	11/1/96	2114.12	14/2/97	61.92	13/12/74

■ **FTSE Actuaries Industry Sectors**

	Feb 14	Day's chge%	Feb 13	Feb 12	Feb 11	Year ago	Div. yld%	Net cover	P/E ratio	Xd adj. ytd	Total Return	1996/97 High		1996/97 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION(21)	4033.05	-0.8	4063.61	4037.77	4021.80	3268.54	3.69	2.15	15.75	0.00	1767.78	4184.44	5/2/97	3148.03	23/1/96	4184.44	5/2/97	980.20	19/2/86
12 Extractive Industries(5)	3851.09	-0.7	3878.32	3846.33	3875.80	4255.66	4.20	2.68	11.12	0.00	1147.61	4768.28	7/5/96	3774.12	5/2/97	4768.28	7/5/96	1000.00	31/12/85
15 Oil, Integrated(3)	4173.49	-0.8	4208.10	4178.40	4145.13	3297.47	3.90	2.06	16.42	0.00	1878.70	4357.98	5/2/97	3189.69	15/1/96	4357.93	5/2/97	982.30	20/2/86
16 Oil Exploration & Prod(13)	3499.50	-0.1	3501.45	3512.98	3564.66	2206.07	1.48	1.90	44.40	0.00	2121.66	3704.58	31/1/97	2072.57	7/2/96	3944.19	8/8/90	850.30	28/7/86
20 GEN INDUSTRIALS(273)	1991.51	+0.2	1986.81	1985.30	2008.77	2030.08	3.87	1.87	17.29	1.85	1115.30	2180.23	26/4/96	1936.07	6/12/96	2232.88	2/2/94	988.10	14/1/86
21 Building & Construction(35)	1349.56	-0.1	1350.34	1347.88	1350.88	1061.83	3.05	1.62	25.37	0.44	1152.78	1352.88	31/1/97	1028.94	11/1/96	2125.60	16/7/87	538.30	9/8/92
22 Building Matls & Merchs(31)	1864.24	+0.2	1859.83	1869.07	1868.92	1818.13	4.18	1.39	21.55	0.44	963.68	2095.11	26/4/96	1746.51	13/12/96	2393.22	24/1/94	954.80	9/8/92
23 Chemicals(26)	2325.18	+0.8	2306.13	2328.83	2384.21	2389.70	4.49	1.42	19.66	0.56	1128.89	2809.84	24/4/96	2288.37	10/1/97	2809.64	24/4/96	979.50	14/1/86
24 Diversified Industrials(17)	1465.68	-0.4	1471.93	1461.99	1480.61	1752.87	4.40	2.59	10.98	4.02	850.07	1852.31	30/1/96	1370.97	4/12/96	2231.57	2/2/94	984.90	21/1/86
25 Electronic & Elect Equip(39)	2299.90	+0.2	2295.97	2294.68	2326.14	2338.18	3.40	1.34	27.40	0.44	1221.70	2480.07	3/6/96	2187.02	3/1/96	2480.07	3/6/96	988.90	29/9/88
26 Engineering(71)	2524.68	+0.4	2513.54	2499.84	2551.77	2280.71	3.24	2.34	16.48	3.67	1584.38	2678.41	21/10/96	2181.15	2/1/96	2678.41	21/10/96	982.80	10/11/87
27 Engineering, Vehicles(13)	2820.68	+0.7	2800.80	2808.71	2853.88	2620.80	3.82	1.71	19.12	0.25	1489.94	3313.39	29/11/96	2469.02	11/1/96	3313.39	29/11/96	886.80	14/1/86
28 Paper, Pckg & Printing(27)	2479.20	----	2478.53	2478.74	2493.12	2674.99	4.19	1.79	16.65	0.00	1057.53	2818.13	24/4/96	2423.98	6/12/96	3142.82	11/7/95	973.30	14/1/86
29 Textiles & Apparel(14)	1085.93	+0.4	1081.83	1079.26	1088.79	1482.49	6.47	1.28	15.12	0.00	687.10	1814.40	19/1/96	1022.06	19/12/96	2325.00	2/10/87	980.60	24/9/90
30 CONSUMER GOODS(85)	4049.25	+1.2	3989.43	3950.56	3969.50	3677.22	3.57	1.86	18.82	8.23	1534.62	4049.25	14/2/97	3412.45	11/4/96	4049.25	14/2/97	967.58	14/1/86
32 Alcoholic Beverages(7)	2672.36	+0.8	2650.06	2632.51	2639.61	2841.13	4.83	1.87	13.84	31.28	1001.01	2862.07	8/1/96	2576.22	15/1/97	3467.06	11/5/92	967.58	14/1/86
33 Food Producers(25)	2811.47	+1.8	2762.55	2731.87	2736.17	2573.63	3.87	1.80	17.97	5.00	1303.55	2811.47	14/2/97	2429.84	3/6/96	2811.47	14/2/97	946.10	14/1/86
34 Household Goods(17)	2800.97	+1.0	2773.82	2728.07	2705.76	2609.68	3.59	2.23	15.59	1.06	1130.90	2800.97	14/2/97	2436.18	13/3/96	2894.14	18/2/94	927.10	21/1/86
36 Health Care(16)	2289.06	+1.3	2260.21	2228.40	2215.75	1963.21	2.67	1.89	25.71	3.40	1416.48	2289.06	14/2/97	1894.57	11/1/96	2289.06	14/2/97	972.80	21/1/86
37 Pharmaceuticals(18)	6358.63	+1.5	6262.53	6161.18	6192.93	5264.90	2.67	1.73	27.08	0.00	2197.19	6358.63	14/2/97	4740.36	12/4/96	6358.63	14/2/97	953.70	13/1/86
38 Tobacco(2)	4362.93	-0.4	4381.35	4380.61	4455.59	4845.34	5.94	2.13	9.88	0.00	1123.53	4965.47	2/2/96	3514.36	5/11/96	4965.47	2/2/96	992.00	9/1/95
40 SERVICES(273)	2674.24	+0.3	2667.40	2651.93	2641.40	2341.86	2.82	2.01	22.06	6.18	1421.49	2674.24	14/2/97	2230.92	11/1/96	2674.24	14/2/97	944.98	23/1/86
41 Distributors(30)	2811.25	+0.6	2794.44	2787.25	2796.63	2613.03	3.02	2.00	20.71	0.00	1056.90	2992.91	23/1/97	2601.34	11/1/96	3316.33	2/2/94	988.58	21/1/86
42 Leisure & Hotels(31)	3459.64	+0.1	3455.06	3439.54	3439.15	2817.84	2.52	2.00	24.14	18.18	1692.50	3466.30	3/2/97	2645.62	5/1/96	3466.30	3/2/97	975.40	21/1/86
43 Media(44)	4358.10	----	4357.02	4334.08	4281.06	3842.57	2.18	2.12	27.01	3.38	1597.84	4624.35	21/10/96	3479.07	2/1/96	4624.35	21/10/96	978.20	9/1/86
44 Retailers, Food(15)	1959.72	+0.2	1956.28	1938.44	1911.95	1932.42	4.04	2.31	13.41	4.09	1276.61	2236.48	14/1/97	1854.50	29/2/96	2253.84	4/9/95	917.40	21/1/86
45 Retailers, General(53)	2091.98	+0.9	2073.33	2060.53	2075.28	1947.20	3.11	2.02	19.89	6.94	1226.15	2201.21	13/9/96	1884.53	11/1/96	2201.21	13/9/96	870.10	9/12/88
47 Breweries, Pubs & Rest.(22)	3417.87	-0.1	3420.09	3421.43	3402.70	2885.92	3.18	2.10	18.77	13.49	1684.23	3421.43	12/2/97	2808.43	12/1/96	3421.43	12/2/97	982.00	14/1/86
48 Support Services(56)	3015.52	+0.1	3011.43	2987.20	2944.55	2054.74	1.67	2.44	30.77	1.16	1947.49	3015.52	14/2/97	1881.97	2/1/96	3015.52	14/2/97	938.00	1/2/91
49 Transport(22)	2768.24	----	2789.49	2780.74	2778.23	2325.37	3.45	1.26	28.86	6.35	1194.52	2789.48	13/2/97	2170.72	2/1/96	2806.98	3/2/94	860.00	14/1/86
60 UTILITIES(28)	2748.08	+0.2	2743.44	2735.64	2722.38	2468.19	4.86	1.71	15.04	5.11	1248.81	2748.88	14/2/97	2204.97	16/7/96	2782.33	2/2/94	882.50	3/10/86
62 Electricity(9)	2887.27	-0.4	2897.94	2898.31	2884.51	2780.88	5.93	2.18	9.67	22.08	1594.79	3089.74	22/4/96	2298.59	19/10/96	3089.74	22/4/96	885.30	7/1/91
64 Gas Distribution(7)	1665.46	+3.3	1611.63	1608.27	1608.27	1600.56	7.32	0.54	31.84	0.00	911.30	1779.11	16/1/96	1162.15	24/5/96	2379.30	19/12/93	994.90	9/12/88
66 Telecommunications(6)	2319.13	-0.1	2320.29	2305.68	2291.51	2017.67	3.60	1.86	22.18	0.00	1094.82	2320.29	13/2/97	1895.60	18/7/96	2481.28	29/12/93	802.50	3/10/86
68 Water(11)	2508.59	-0.4	2517.94	2529.04	2519.75	2115.44	5.93	2.31	6.11	0.00	1450.89	2564.92	10/2/97	2001.72	22/5/96	2554.92	10/2/97	924.70	1/5/90
69 NON-FINANCIALS(681)	2155.48	+0.3	2148.43	2135.89	2137.72	1954.94	3.59	1.91	18.25	3.47	1682.84	2155.48	14/2/97	1898.17	11/1/96	2155.48	14/2/97	63.49	13/12/74
70 FINANCIALS(106)	3960.19	+0.3	3946.96	3949.56	3948.19	2983.89	3.40	2.40	15.30	1.05	1748.51	3960.19	14/2/97	2743.94	13/3/96	3960.10	14/2/97	972.20	23/1/86
71 Banks, Retail(8)	5807.58	+0.4	5783.77	5782.15	5752.06	4261.89	3.20	2.75	14.20	0.00	1943.96	5807.58	14/2/97	3759.96	12/3/96	5807.58	14/2/97	950.80	23/1/96
73 Insurance(18)	1778.32	+0.8	1764.19	1777.24	1804.84	1417.27	4.70	2.33	11.41	1.72	1379.44	1804.84	11/2/97	1342.46	13/3/96	1804.84	11/2/97	870.90	25/8/92
74 Life Assurance(7)	4642.55	-0.2	4650.20	4652.51	4671.61	3559.07	3.35	1.78	20.94	0.00	1973.85	4671.61	11/2/97	3295.50	27/6/96	4671.61	11/2/97	967.78	23/1/86
77 Other Financial(29)	3170.85	----	3170.69	3185.17	3161.11	2582.36	3.10	2.04	19.17	1.32	1854.23	3190.84	10/2/97	2373.07	2/1/96	3190.84	10/2/97	856.30	1/10/86
79 Property(44)	1868.69	+0.1	1866.19	1858.30	1864.21	1456.70	3.42	1.33	27.57	2.57	1182.74	1868.69	14/2/97	1420.06	14/3/96	2132.46	5/9/89	718.40	16/9/92
80 INVESTMENT TRUSTS(127)	3340.65	+0.3	3331.42	3310.92	3303.20	3150.71	2.14	1.12	51.93	3.97	1184.76	3340.65	14/2/97	3087.83	16/7/96	3340.65	14/2/97	977.20	14/1/86
89 FTSE All-Share(914)	2114.12	+0.3	2107.21	2097.69	2098.52	1854.25	3.50	1.99	17.94	2.79	1836.89	2114.12	14/2/97	1791.95	11/1/96	2114.12	14/2/97	61.92	13/12/74
FTSE Fledgling	1325.67	+0.2	1323.16	1317.45	1311.38	1145.91	2.93	0.55	78.03	2.47	1413.17	1325.67	14/2/97	1189.94	2/1/96	1778.30	2/2/94	31.14	12/12/94
FTSE Fledgling ex IT	1347.28	+0.2	1344.88	1339.77	1332.78	1145.52	3.19	0.48	80.00†	2.52	1438.47	1347.28	14/2/97	1112.84	2/1/96	1778.30	2/2/94	28.13	12/12/94

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4328.8	4342.8	4339.8	4340.9	4344.4	4346.9	4350.9	4343.8	4340.9	4353.4	4327.9
FTSE 250	4588.5	4590.9	4591.1	4595.0	4595.9	4597.8	4600.0	4602.3	4605.4	4606.0	4588.4
FTSE 350	2135.5	2141.3	2140.2	2141.0	2142.4	2144.7	2145.3	2142.9	2141.9	2146.3	2135.2

Time of FTSE 100 High: 1:38 PM Low: 8:31 AM

■ **FTSE 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1298.8	1296.6	1296.7	1298.2	1298.6	1298.9	1298.4	1298.8	1297.9	1298.7	1301.1	-2.4
Pharmaceuticls	6223.9	6245.5	6234.4	6248.4	6273.2	6285.8	6280.4	6283.8	6277.1	6279.6	6178.0	+95.6
Water	2513.1	2509.7	2508.1	2514.5	2515.3	2512.0	2508.1	2500.8	2499.8	2501.3	2510.9	-9.6
Banks, Retail	5820.4	5853.2	5849.7	5874.0	5884.0	5891.9	5897.4	5896.1	5885.3	5881.7	5857.6	+24.1

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FTSE 100	31/12/83	1000.00	Electricity	31/12/90	1000.00	FTSE SmallCap & ex IT	31/12/92	1363.79
FTSE 250 & ex IT	31/12/85	1412.60	Water	29/12/89	1000.00	FTSE Fledgling	30/12/94	1000.00
FTSE 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	FTSE Fledgling ex IT	30/12/94	1000.00
FTSE 350 Higher Yield	31/12/85	682.94	FTSE All-Share	10/4/62	100.00			
FTSE 350 Lower Yield	31/12/85	682.94	All Other	31/12/85	1000.00			

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FTSE INTERNATIONAL

Market doubts on Williams

By Joel Kibazo, Peter John and Lisa Wood

Industrial conglomerate Williams Holdings *fell* sharply as the market registered its unease about the group's agreed takeover of Chubb Security, the alarms and locks company.

The shares surrendered 37½ to 300½p, by far the worst FTSE 100 performer yesterday. Volume soared to a record 22m.

Analysts suggested the cash and paper offer was much bigger than the small-scale *acquisitions* they *had* been expecting. One analyst said: "There is no doubt Williams is paying a top price."

Market specialists also indicated their *discomfort* at the large component of equity being used to fund the deal. One pointed out: "The number of Williams shares available will increase by about 32 per cent *as a result of this deal.*"

Mr Martin Bomford at UBS said: "The industrial logic of this takeover is impeccable. But they are paying a high price to achieve that logic. Long-term holders will ultimately see the benefits but in the short-term, that faith is offset by short-term worries about dilution in earnings and an increase in equity."

Holders of Chubb stock will be particularly disappointed by the sharp retreat in Williams. At yesterday's closing price, the offer valued each Chubb share at 435p, against 450p when the offer was made. Shares in the alarms and locks group hardened 4½ to 424½p, having traded 19m by the close.

Lloyds profit-taking

Lloyds TSB began the banking sector's reporting season with the announcement of record profits and *the shares fell.*

Profits rose to £2.505bn from £1.65bn previously and the total dividend came out at 13.2p. But, as is so often the case with banking stocks when they report figures, *investors had set their sights too* high.

Lloyds shares were off 11 at one stage and ended the dey only 1¼ up at 503½p.

Simplistically, investors were taking profits and switching holdings elsewhere to benefit from *forthcoming dividends. Barclays* will be the next of the leading banks to report when it announces its figures on Tuesday. Also, it has a big cash pile and there are hopes that it will announce some sort of return of value to shareholders. The shares added 18¼ et 1,216p.

There is also e feeling that after the sector outperformed the FTSE All-Share index throughout last year and added to that *rise* with a 15-point outperformance since the start of the year, the time has come to pocket the profits.

One dealer said: "Everyone wants to see what the figures are like. But once HSBC has come in on March 3 there could be some big sellers around."

However, many investment *funds still* need to increase weightings to take account of the big building society flotations scheduled for this year.

Dixons lifted

Dixons was one of the best performers in the FTSE 100, with BZW pushing the stock following a meeting with the retailer's management, where the broker was impressed by the potential that digital technology will bring the group.

The *shares rose* 19 to 518½p in a retail sector where sentiment has been bolstered by the continued strength of sterling and the lack of any immediate increase in interest rates. *Next climbed 15½ to 599p.* Great Universal Stores strengthened 12½ to 635½p and Argos hardened 13½ to 682½p.

Mr Nick Bubb, *retail* analyst at MeesPierson, said that *Dixons* was now close to the 520p price et which Sir Stanley Kalms, its chairman, sold 1.1m shares on January 31. His disposal contributed to a 7 per cent drop in Dixons, provoking criticism as it *came just days after he took* issue with a broker for issuing a "sell" note on the stock.

Panmure Gordon, in e report on the retail sector, has argued that both Dixons and Argos have been oversold. The broker said that, *while there* were uncertainties over extended warranties for Dixons, there was no sign of personal computer sales slowing down and sales of its traditional brown and white goods were accelerating.

British Gas improved 8 to 247½p ahead of demerger on Mondey as the constituent parts were bought in the "grey" pre-market.

When-issued BG shares added 6¼ at 170½p while Centrica was stable et 75¼p. Several brokers believe the Centrica arm of the broken-up company is only being supported by hopes of a takeover. It has announced that it will be uneble to pay e dividend for some time, so income funds, which hold British Gas shares for their dividend, will not be buying Centrica and *any support* is likely to be speculative.

Smith & *Nephew* lifted 8 to 196p as takeover talk resurfaced.

Unilever climbed 45 to 1,537½p on the back of a rise in the price in New York.

Grosvenor Inns weakened 17½ to 206p on the back of disappointing results.

Flying Flowers, the Jersey based *flowers-by-post* company, celebrated Valentine's Day with a rise of 4½ to 220p after reporting a 49 per cent profit increase.

Reports of the Labour-party's proposed windfall tax on all privatised utilities, whose business is licensed and regulated by statute, exacted a heavy toll on several stocks. They included eirports group BAA, which gave up 9½ to 535½p, BT 5½ off at 435½p, and Railtrack which fell 3 to 383p.

A profits warning from computer software supplier Cedardata more than halved the group's *shares: they fell* 139 to 123½p. Dailywin, the watchmaker, also stunned the market, issuing a profits warning that triggered a 30½ slide in the shares to 58½p.

■ **CHIEF PRICE CHANGES YESTERDAY**

London (Pence)

Rises		
CMG	1050	+ 40
Capital Radio	580	+ 25
Copyright	109½	+ 18½
Dixons	516½	+ 19
Electrophortics	48½	+ 5
Fibernet	184½	+ 15
Innovative Tech	235½	+ 16
P & P	216½	+ 16½
Page (Michael)	483½	+ 17½
Psion	403½	+ 36½
Racal Elect	286	+ 9½
Regent Inns	373½	+ 13
Shanl Group	123½	+ 7
Smith & Nephew	196	+ 6
Vero Group	192½	+ 11
Falls		
Cedardata	123½	- 139
Dailywin	58½	- 30½
Fieldens	52½	- 13
Grosvenor Inns	206	- 17½
Morgan Sindall	211½	- 13
Pace Micro	164	- 7½
Williams Hldgs	300½	- 37½

NEW 52 WEEK HIGHS AND LOWS

NEW HIGHS (274).

GILTS (18) OTHER FIXED INTEREST (4) BANKS, RETAIL (7) BREWERIES, PUBS & REST (4) Century Inns, City Centre Rests, Regent Inns, Yates Bro, BUILDING & CNSTRN (6) BLDG MATLS & MCHTS (5) Anglian, Br Dredging, Grafton, Kingspan, Quilgotti, CHEMICALS (1) Akzo, DISTRIBUTORS (1) Gowrings, DIVERSIFIED INDLS (2) ELECTRNC & ELECT EQUP (1) Sony, ENGINEERING (8) Arabia, Chqual, Expamet Ind, Firth Rixson, Stadium, ENG, VEHICLES (1) Volkswagen, EXTRACTIVE INDS (3) FOOD PRODUCERS (18) HEALTH CARE (2) Biotrace Intl, Innovative Tech, HOUSEHOLD GOODS (4) Black (P), Colefax & Fowler, Reckitt & Colman 8½pc Cnv Bd, Swallowfield, INSURANCE (7) INVESTMENT TRUSTS (88) INVESTMENT COMPANIES (6) LEISURE & HOTELS (6) Airtours, Do 6½p Cnv Prf, Clivyden, Games Workshop, Kunick 8½p Prf, Scott Highland Hts, LIFE ASSURANCE (2) MEDIA (6) Bristol Utd, EMAP, Fitch, Flextech, Gearhouse, Wilmington, OTHER FINANCIAL (7) PAPER, PACKG & PRNTG (1) Waddington, PHARMACEUTICALS (8) Huntingdon, Vanguard Medica, Zeneca, PROPERTY (18) RETAILERS, FOOD (1) Fenpak, RETAILERS, GENERAL (6) Black Leis, Bloom, Clinton Cards, Flying Flowers Uts, Moben, Next, Mothercare, SUPPORT SERVS (13) TRANSPORT (1) Air Lnt, AIM (13) AMERICANS (4) CANADIANS (4).

NEW LOWS (26).

BANKS, RETAIL (1) Natl Tst & Sng, CHEMICALS (1) Wolverhampton Fins, DIVERSIFIED INDLS (1) ELECTRNC & ELECT EQUP (4) Dailywin, Joyce, INVESTMENT TRUSTS (3) INVESTMENT COMPANIES (1) LEISURE & HOTELS (2) Euro Disney, Farringford, MEDIA (2) Adscene, Dorling Kindersley, VIR, OIL EXPLORATION & PROD (1) Evolution, PACKG & PRNTG (1) Smith (DS), PROPERTY (1) Raglan, RETAILERS, FOOD (1) Drake Bros, RETAILERS, GENERAL (4) SUPPORT SERVS (2) Cedardata, Reliance, TEXTILES & APPAREL (1) Lamont, TRANSPORT (1) Seacon, AIM (6).

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 15.02.97 | Final Prices for Trading on 10.01.97

1/2 hour period ending	Pool purchase price	Pool purchase price	Pool selling price
[illegible]	[illegible]	[illegible]	[illegible]

OFEX FACILITY

OFEX is a trading facility for share dealing in unquoted companies. Shares traded on OFEX should be considered high risk investments.

Company	Mid Price(p)	Change on Wk (p)	Company	Mid Price(p)	Change on Wk (p)
Aberdeen Steak Houses Grp	70		[illegible]	[illegible]	[illegible]
Advanced Media Grp PLC*	110	-25	[illegible]	[illegible]	[illegible]
Anderson Resources PLC	2.5		[illegible]	[illegible]	[illegible]
Angela Campbell Group PLC	28		[illegible]	[illegible]	[illegible]
Ambrian Gold PLC	4		[illegible]	[illegible]	[illegible]
Aston Villa PLC	29		[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

	Notes	Price	+ or −	1996/97 high	low	Mkt Cap£m	Yld Gr's	P/E
Allied Domecq	♣	430xd	+½	[illegible]	407½	4,483	6.0	13.0
Bulmer (HP)	♣†	608½	—	625	477	321.3	2.8	10.1
Burn St Dist	♣	97	—	131	69½	39.7	8.3	71.2
Glenmorangie A	†	960	—	980	615	130.6	1.6	28.1
B	†	1100	—	1125	853	44.8	0.7	59.9
Grand Met	♣	456½	+7	480	411	9,564	4.4	14.7
Guinness	♣‡†	439	—	493	424	8,283	4.3	13.6
Highland	♣	351½	—	380	315	461.9	2.8	17.4
5½pc Cnv Bds		97¼	—	101½	94¼	—	—	—
Kirin Y		514	−12¼	679¾	505¼	5,41R	1.2	20.5
Matthew Clark	♣‡	291½xd	+2½	803	255½	298.0	10.3	13.9
Merrydown	♣†	107½	—	141	91½	11.7	5.3	14.5
Seagram S		£25½	[illegible]	£25⅝	£20	6,060	1.6	—

BANKS, RETAIL

	Notes	Price	+ or −	1996/97 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		[illegible]	[illegible]	[illegible]	[illegible]	12,782	2.8	17.1
ANZ A$		[illegible]	[illegible]	[illegible]	285	5,854	4.8	♦
Abbey National	†	761½	−12	811	525	10,985	3.7	14.5
Allied Irish £	♣	454	+1½	454	[illegible]	3,058	4.0	♦
Anglo Irish £		79xd	—	80½	[illegible]	271.9	6.1	♦
Asahi Y		482½	[illegible]	869½	[illegible]	9,947	0.9	♦
Banco Bil Viz Pta		£31¼	[illegible]	[illegible]	[illegible]	6,982	3.4	—
Banco Sant Pta		£31½	[illegible]	[illegible]	[illegible]	6,873	4.2	10.3
Bk Ireland £		815	+5	815	[illegible]	2,957	3.4	13.9
Bank Scotland	♣†	349	−4	373½	[illegible]	4,174	2.0	12.8
9¼pc Pf		124¼	+¼	124½	[illegible]	248.5	0.3	—

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

FOOD PRODUCERS - Cont.

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INSURANCE - Cont.

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PAPER, PACKAGING & PRINTING - Cont.

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1996/97 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£23¼	—	£23¼	£20¼	1,864	3.3	[illegible]
Barlow		[illegible]	[illegible]	[illegible]	[illegible]	1,455	2.1	14.6
Gold Flds Prop H		138½	+1	170	120	14.2	6.5	10.2
MK Props		65	—	98	60	2.61	13.7	–
SASOL		845	—	710	517	3,777	1.7	–
SA Brews		£18¾xd	[illegible]	£26¼	£13¾	5,587	1.8	[illegible]
Standard Bank		[illegible]	[illegible]	£32¼	£21	3,886	1.4	22.5
Tiger Oats		790	—	1270	770	1,168	2.3	15.3
Tongaat-Hulett		703½xd	+5¼	1247	678¼	722.7	2.4	[illegible]

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ɸ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1998
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
$ Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

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FINANCIAL TIMES
Weekend February 15/February 16 1997

Beijing irritated by S Korea's disclosure of top-level defection

By John Burton in Seoul

Chins yesterday expressed displeasure that the Seoul government had announced the defection of Mr Hwang Jang-yop, a senior North Korean official, in an apparent attempt to dlvert attention in South Korea from the Hanbo Steel loan scandal.

Opposition political parties in Seoul accused the government of using the defection to speed the end of an official probe into the loan scandal, which threatens to implicate the inner circle of President Kim Young-sam.

The accusations came as a South Korean newspaper reported that Mr Hwang told South Korean diplomats in Beijing last August that more than 50,000 North Korean spies were operating in the south. The ruling New Korea party seized on reports of spy infiltration to demand thet intelligence authorities launch a thorough searcb for North Korean moles.

The Hanbo loan scandal involves allegatlons that senior officials in Seoul were brlbed to put pressure on banks to grant huge loans to the company, which went bankrupt last month.

Soutb Korea disclosed Mr Hwang's defection just hours after it took place last Wednesday, breaking a long-standing diplomatic understanding that news of North Korean defectors in China would be kept quiet. In a sign of piqne, Mr Qian Qichen, the Chinese foreign minister, told his South Korean countsrpart, Mr Yoo Chong-ha, yesterday that Beijing needed time to study the defection before deciding whether to grant Mr Hwang safe passage to South Korea from the embassy in Beijing, where he is taking refuge.

The defection has placed China in an awkward posltion, as it wants to maintain good relations with both Koreas. North Korea claims Mr Hwang was kidnapped. Foreign ministry officials in Seoul claimed their Chinese counterparts were embarrassed by publicity surrounding Mr Hwang's defection.

South Korean prosecutors yesterday indicated they were approaching the end of their investigation into the Hanbo scandal. But opposition parties claimed the probe wss a cover-up since it failed to question senior government offlclals possibly involved ln approving loans to Hanbo.

Nine paopls have been arrested, including a cabinet minister, thres ruling party MPs, and one from the opposition, two bank presidents, and the founder of Hanbo Group and bis formsr financial officer.

But the opposition and newspapers alleged prosecutors had avolded looking into allegations that Mr Kim Hyun-chul, the presldent's son, was involved in the scandal.

Saab warns on earnings as losses deepen for 1996

By Greg McIvor in Stockholm

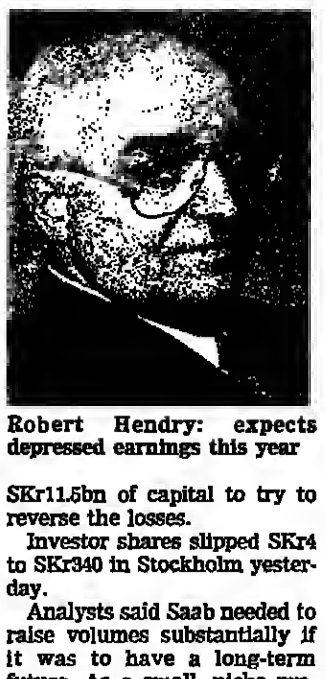
Saab Automobile, the struggling Swedish carmaker managed and half-owned by General Motors of the US, yesterday announced deeper second-half 1996 losses and warned it expected earnings to deteriorate further this year.

Net losses before one-off items widened to SKr784m ($107m) in July to December, following a SKr138m deficit in the same period the previous year. Full-year net losses were SKr1.24bn. In 1995 the company broke even.

Saab, led by Mr Robert Hendry, a senior GM executive brought in six months ago to revive the company's flagging fortunes, said it would unveil a new strategy in Stockholm next week, but gave no details.

It said it had been hit by higher marketing and product development costs as well as a stronger krona. Retail sales of Saah models fell 0.7 per cent to 98,000 cars.

Saab's accumulated net losses since 1989, wben GM joined Investor, the main Wallenberg empire investment company, as co-owner, are now above SKr10bn. The two companies have also pumped in



Robert Hendry: expects depressed earnings this year

SKr11.5bn of capital to try to reverse the losses.

Investor shares slipped SKr4 to SKr340 in Stockholm yesterday.

Analysts said Saab needed to raise volumes substantially if it was to have a long-term future. As a small, niche producer it lacks the critical mass of larger competitors such as BMW, Audi and Volvo, its Swedish rival.

Volvo, which produced 368,000 cars in 1996, is also considered to lack sufficient volumes to underpin sustainable long-term profitability.

Saab's current target is to raise production hy 50 per cent by 2000. Mr Hendry last year abandoned plans for a small car, which his predecessor, Mr Keith Butler-Wheelhouse, believed was necessary to achieve higher volumes.

A replacement for the ageing top-of-the-range 9000 model is due this year. The 9000 will be kept in production following the new car's launch befora being phased out.

Saab reiterated its forecast that it would return to profit in 1998, but Mr Hendry said "we expect that our continued efforts to improve our marketing capability and product competitiveness will further depress earnings in 1997".

He said performance in 1996 had suffered from considerably higher spending to increase Saab's premium brand identity. Spending had also been increased to strengthen dealer networks. The stronger krona hurt export revenues.

Saab's turnover fell 1.4 per cent last year, from SKr19.97bn to SKr19.68bn. Operating losses wers SKr658m, compared with a SKr737m profit last time.

Renault warning, Page 5

Asahi to keep US operations

Continued from Page 1

losses, financial improprieties or transactions."

Asahi has submitted a business improvement plan to US bank regulators at their request, the bank officials said.

Under the plan, Asahi will establish en executive office in the US and station seven representatives in New York and Los Angeles to strengthen governance, internal audit and financial reporting functions.

In addition, tbe bank has agreed to train its US-based personnel in ethics and the US bank supervisory process, the Fed said.

The Federal Reserve order, dated February 13 and signed by Asahi Bank officials, details how the bank will tighten its risk management and operational controls. Under the order, Asahi and the New York branch agreed to "submit reports on a quarterly basis detailing their progress in fulfilling the objectives of the written plan, prepared by their regulatory compliance consultant, to enhance the risk management, operational controls and compliance environment of the New York branch".

THE LEX COLUMN

Williams triggers alarms

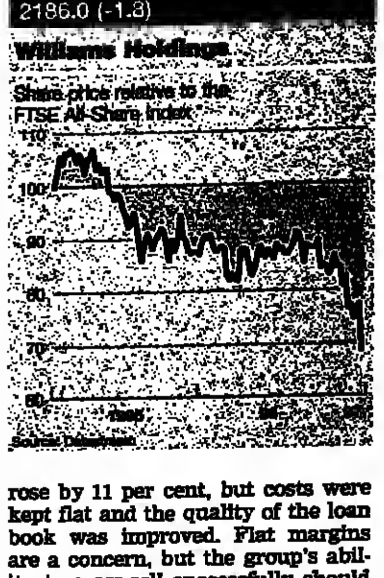
Strategically, Williams Holdings and Chubb Security fit like a key in a lock. The combined business will be able to offer a comprehensive range of security and fire protection products. And Williams' US presence dovetails neatly with Chubb's strength in Europe and Asia.

But that does not excuse Williams from overpaying. If Chnbb makes operating profits of £112m ($181.4m) in 1997-98 and Williams fully realises the £40m of promised cost savings, the post-tax return on its £1.34bn all-in investment will be 7¼ per cent. That compares with the group's cost of capital of at least 10 per cent and returns of 15 per cent or so from recent bolt-on purchases.

Looking at it another way, assume Chubb was fairly valued by the market at £950m before hid speculation began. On that basis, Williams is paying a premium of £350m including costs or a multiple of 13 times for the £27m of post-tax merger benefits. That is a generous rating, since the savings will not grow. On sither measure, it is hard to see how this deal adds value.

That does not mean the shares deserved to fall by 11 per cent. The market was scared by Williams' return to big deals funded by equity. And the unfortunate – and to be boped temporary – exclusion from the FTSE 100 index did not help. It is also s fair bet, given the management's record, that the cost savings will exceed estimates. Bnt it does appear that the group has paid up to discourage other potential bidders. Williams has its work cut out to persuade shareholders that this is a deal of a lifetime.

FTSE Eurotrack 200: 2186.0 (-1.3)



Lloyds TSB

Sir Brian Pitman is keen that Lloyds TSB should be a world-class company, always striving for the unattainable. Now investors are finding out what lt means to be stretched, as Lloyds' share price surges ever further into uncharted territory. Normally a price/book ratio of five times would be a sure-fire sell signal. But not when the bank is making a 33 per cent return on equity, based on resilient underlying earnings.

One reason for believing this is sustainable is the big fall in bad debt charges. This suggests that the bottom of the hankIng cycle remains some way off. But the bigger factor is Lloyds itself, now a formidable retail financial services machine. Yesterday's figures were a good reminder: net interest income rose by 11 per cent, but costs were kept flat and the quality of the loan book was improved. Flat margins are a concern, but the group's ability to cross-sell successfully should allow it to compensate with higher volumes. Cheltenham & Gloucester mortgage products have sold very well through Lloyds branches, with TSB ontlets offering a similar opportunity.

Although ths shares look fully valued, they are also well underpinned. Some investors will buy as a proxy for demntualising building socisties. More important, prodigious cash generation will support bealthy dividend growth, while providing ammunition for further acquisitions. Glven Lloyds' good record, there can be some confidence it will either buy wisely or return the money to shareholders.

British Gas

By Monday, British Gas will be history. In its place there will be not only two unattractively named descendants, but soma peculiarly knotty valuation problems.

● Start with BG, ths plumper of the two offspring. The company will be a curious hybrid, inheriting not only British Gas's pipeline network but also its "upstream" exploration and production business. Unfortunately, investors traditionally valua such businesses completely differently: the mature cash cow on yield; the upstream operations on assets.

Consider, for instance, a traditional ntility-style valuation. Assume BG emerges from the Monopolies and Mergers Commission able to afford a 7½p dividend. On a utility yield, BG would then be worth 160p a share at most.

Yet this must underestimate the company's value. To see why, consider that the regulator's proposals imply an enterprise value for the pipeline network of £11.7bn. Add say £2.5bn for BG's upstream and other businesses, subtract £3.5bn in net dsbt and a £500m potential windfall tax. By this more fundamental logic, BG is worth a hefty 220p a share – even ignoring the potential for further gearing-up. Yesterday's grey market price of 169½p looks good value by comparison.

Of course, investors are reluctant to put a wholehearted valuation on either utilities or conglomerates. And BG will be both. Nonetheless, if a preponderance of yield-fixated investors strand BG on a utility rating, shareholders should not despair. In the end, the management would surely have to tackle such a valuation gap through a break-up – or risk being taken over.

● Putting a credible value on Centrica, BG's other half, is trickier still. To make a stab, start with the Morecambe gas fields, independently valued at £2.5bn. Then subtract the cost of renegotiating the company's "take or pay" gas contracts to market prices – probably somewhere around £1.3bn.

If this were the whole picture, Centrica would be worth 25p a share. So why is the grey market betting on 76p? The difference – more than £2bn in market capitalisation – implies some distinctly racy assumptions about the future profitability of Centrica's operating businesses. It would, for a start, be unwise to rely at this stage on value in the loss-making service or retail operations. So the real question is whether the boring business of supplying millions of individuals and businesses can plausibly be worth £2bn, or more than £100 per customer.

Well, maybe. After all, Scottish Hydro was willing to offer this kind of pro rata price in an abortive deal last year. Bnt if investors are pinning their hopes on a bid for the whols company, the scope for disappointment is obvious. For any bidder, taking on Centrica would be a formidable gamble. Many of the rumoured link-ups would raise competition issues. And although Centrica lacks a golden share, it does contain a poison pill of sorts – BG's right to snaffle back the British Gas brand if Centrica is taken over. Certainly BG looks better value; investors should sell the one and buy the other.

US scientists developing chip to diagnose cancers

Continued from Page 1

aggressive cancers for which surgery is essential.

He predicts that within 10 to 15 years a multi-cancerchip, containing 150,000 different pieces of DNA, will be able to diagnose and characterise the 20 most common cancers.

The chip will recognise the distinctive pattern of genes that are active in eacb category of cancer.

Technology based on ink jet printing is used to lay down the DNA on a silicon disc. Prof Hood says this is faster and more flexible than the tecbnique of photolitbography favoured by Affymetrix, the Californian biotechnology company that bas pioneered the early development of DNA chips.

Most of the research is funded from academic solurces without industrial sponsorship, but Darwin Molecular, a Seattle biotechnology company, is sponsoring some of the prostate cancer work. Last December Darwin was acquired for $120m by Chiroscience of the UK, and Prof Hood is cbairman of Chiroscience's scientific advisory board.

Dr David Galas, Darwin's chief scientist, describes the cancer chip project as "a bit speculative but perfectly achievable".

Dr Galas says if the diagnostic chip can be achieved for cancer, similar chips will be possible for other complex diseases such as rheumatoid arthritis. "The ability to stratify s disease into distinct types is going to bave profound implications for the pharmaceutical industry," Prof Hood says.

"One will be able to develop thsrapeutic agents that are specific for eacb stratified disease type."

Looking 30 years ahead, Prof Hood foresees a chip with DNA representing all of the 100,000 human genes, which could characterise a vast range of diseases.

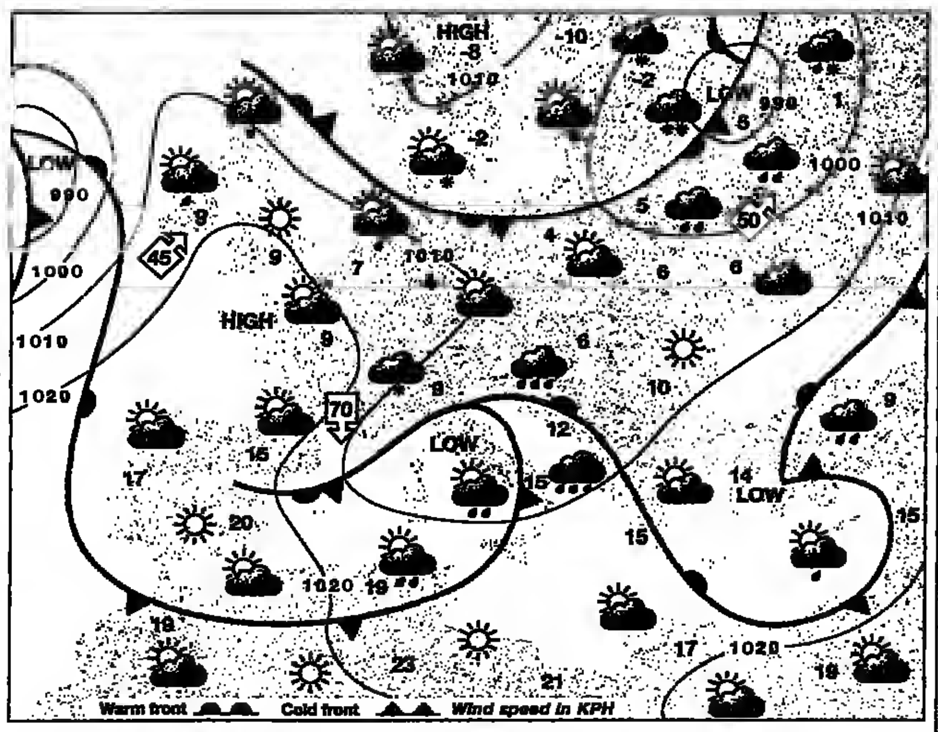
FT WEATHER GUIDE

Europe today

The UK and Ireland will start sunny and dry, but winds and cloud will increase again during the afternoon. Another wet disturbance will move from south-eastern France into Italy and the Balkans. Italy will have heavy rain and thunder showers.
A strong Mistral wind will develop in the Rhone valley.
Calm and mainly dry conditions will prevail just north and west of the Alps. A cold surge will move across the Baltic states bringing blustery snow showers. Southern Finland and Russia will also have snow showers. Western Scandinavia will be frosty, with broken clouds producing the odd shower.

Five-day forecast

Most of western Europe will be settled on Sunday. The UK and south-eastern Europe will be wet and windy. Northern Europe will stay cold.
At the beginning of the week, a westerly flow will bring mild and unsettled conditions. The western Mediterranean will turn dry.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius												
		Beijing	sun 5	Caracas	fair 29	Faro	sun 18	Madrid	fair 16	Rangoon	sun 33
		Belfast	fair 7	Cardiff	sun 5	Frankfurt	fair 7	Majorca	fair 15	Reykjavik	snow -1
Abu Dhabi	fair 23	Belgrade	rain 8	Casablanca	sun 18	Geneva	rain 8	Malta	fair 18	Rio	fair 32
Accra	fair 32	Berlin	fair 5	Chicago	cloudy -2	Gibraltar	sun 17	Manchester	sun 8	Rome	thund 18
Algiers	shower 18	Bermuda	cloudy 22	Cologne	shower 7	Glasgow	shower 8	Manila	shower 31	S. Frsco	sun 20
Amsterdam	fair 7	Bogota	fair 18	Dakar	fair 31	Hamburg	shower 5	Melbourne	fair 26	Seoul	rain 5
Athens	fair 18	Bombay	sun 33	Dallas	sun 13	Helsinki	snow -5	Mexico City	fair 23	Singapore	shower 31
Atlanta	fair 8	Brussels	fair 7	Delhi	sun 23	Hong Kong	rain 14	Miami	cloudy 27	Stockholm	cloudy -3
S. Aires	fair 27	Budapest	fair 6	Dubai	fair 23	Honolulu	sun 27	Milan	cloudy 12	Strasbourg	rain 8
B.ham	fair 5	C.hagen	shower 1	Dublin	fair 7	Istanbul	fair 12	Montreal	snow -2	Sydney	shower 26
Bangkok	fair 35	Cairo	sun 20	Dubrovnik	rain 13	Jakarta	rain 31	Moscow	rain 5	Tangier	fair 17
Barcelona	fair 18	Cape Town	sun 27	Edinburgh	fair 8	Jersey	fair 0	Munich	shower 6	Tel Aviv	fair 19
						Karachi	sun 28	Nairobi	sun 30	Tokyo	cloudy 9
						Kuwait	sun 17	Naples	shower 14	Toronto	snow -1
						L. Angeles	sun 24	Nassau	fair 28	Vancouver	rain 10
						Las Palmas	fair 21	New York	cloudy 5	Venice	fair 9
						Lima	fair 27	Nice	fair 17	Vienna	cloudy 9
						Lisbon	fair 17	Nicosia	shower 17	Warsaw	shower 5
						London	fair 9	Oslo	snow -3	Washington	cloudy 7
						Lux.bourg	cloudy 5	Paris	fair 9	Wellington	fair 21
						Lyon	rain 11	Perth	sun 30	Winnipeg	fair -18
						Madeira	fair 18	Prague	drzzl 5	Zurich	shower 7